



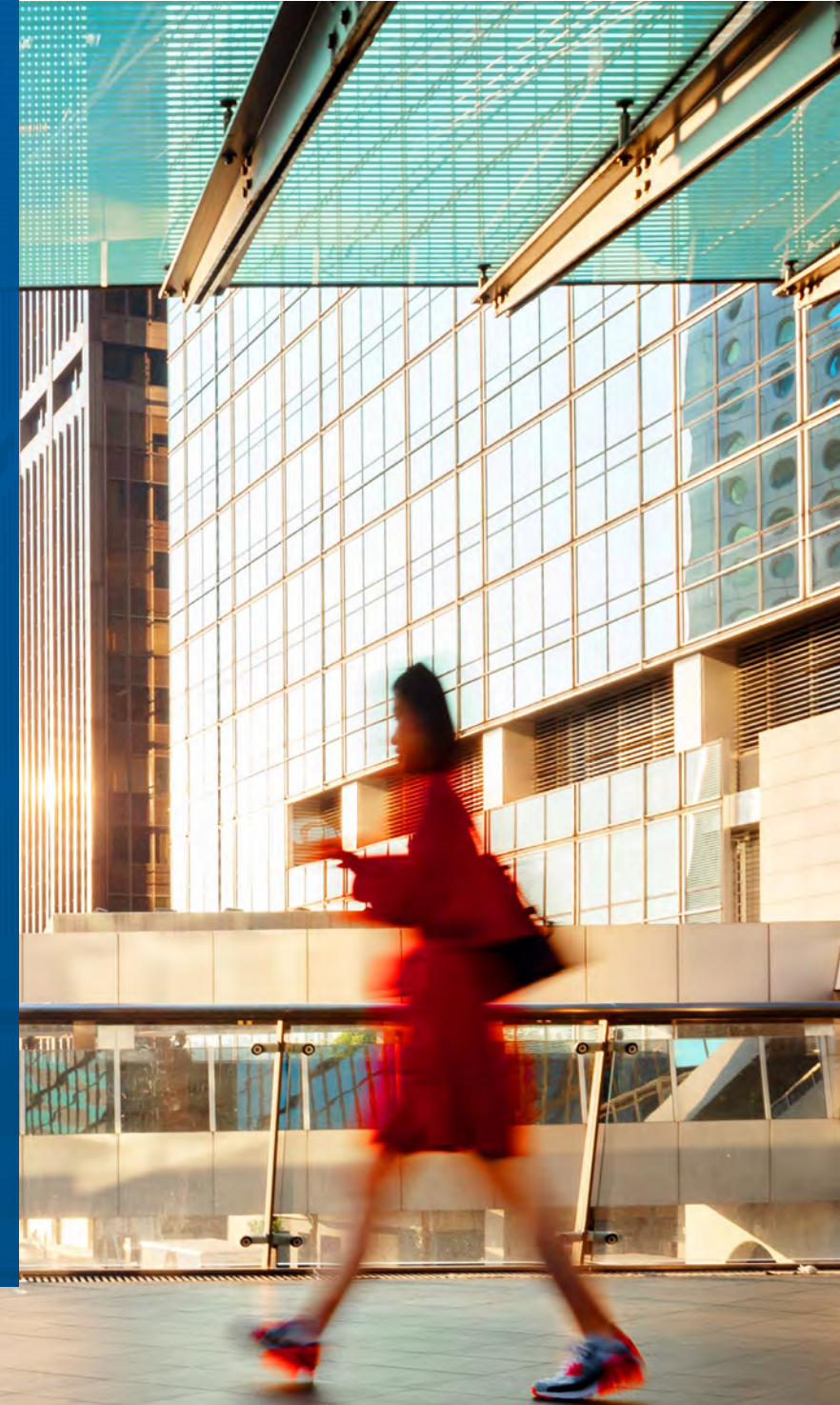
MASTERTRUST

Independent Board of Trustees

Legal & General WorkSave Mastertrust (RAS)
Annual statement of governance
by the Chair of the trustees for
the year to 5 April 2021

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Introduction

Your employer has chosen your pension scheme, invested through the Legal & General WorkSave Mastertrust (RAS), because they believe the following features of the scheme allow you to effectively save for your retirement:

1. Well-designed investment options that really meet your needs and help to deliver good returns for you over time.
2. Clear and engaging communications that help you to make the best decisions on your current and future pension savings.
3. Smooth and accurate administration, including the investment of the contributions you make to your pension scheme.
4. Confidence that your pension scheme is meeting all its legal requirements and that someone is actively looking after your interests.
5. Delivering all these things to you at a cost that's competitive against other options available in the pension marketplace.

Our job, as trustees of the Legal & General WorkSave Mastertrust, is to make sure that the Legal & General WorkSave Mastertrust delivers these things for you. I chair the Board of Trustees and this report, which is effectively our annual 'report card' on the Mastertrust, is designed to help you judge how well the Mastertrust is performing in each of these areas. The law requires us to produce this report on an annual basis but we also believe it is an important document which will help you to have confidence in your pension saving.

There are some regulatory requirements we must include in this statement and we appreciate that some of the language used in pensions can sometimes be complicated. We have tried wherever possible to give you an explanation in plain English of the assessments we've made, but please let us know if there is anything in the statement that you would like us to explain further. We've also included a glossary of terms in [Appendix 5](#).

What is in this statement?

In this statement, we've included information on the following areas:

1. How we manage the Mastertrust – who the trustees are, what guides our decision-making and what it means to have the Mastertrust authorised by The Pensions Regulator.
2. The default investment arrangements – we have looked at the suitability of all the investment options within the Mastertrust with a particular focus on those which are used by our members who don't want to make an investment choice (these are known as 'default' arrangements).
3. Charges and transaction costs – what charges our members have paid in the last year and how these will affect the size of our typical members' pension pots over time.
4. Administration – how well the Mastertrust has been administered and how promptly and accurately the key financial transactions, including the investment of your contributions and any other transactions you make, are processed.
5. Member engagement and feedback – we explore the quality of the communications provided by Legal & General and whether they are engaging and helpful as well as accurate. We also examine how we capture feedback from you, our members, on whether the information you receive helps you make informed decisions.
6. Value for members – whether the quality of the service and the returns that are achieved on your investments represent good value given the costs and charges that you've paid.
7. Trustees' knowledge and understanding – we outline what we as trustees have done to maintain the level of specialist knowledge that we need to look after the Mastertrust effectively for you as our members.
8. Action plan – what key actions the trustees plan to carry out in the coming year to continue to improve value for all our members.

What were the key highlights from the last 12 months?

The trustees continue to set high standards for the running of the Mastertrust

- We, as the trustees of the Mastertrust (the people who look after your interests as members), aim to achieve excellent standards in terms of the running of the Mastertrust to deliver the best possible outcomes for our members. To allow us to do this effectively, all our trustees are completely independent of Legal & General, the company which runs the Mastertrust. This means that the Board can provide sound and clear challenge where this is needed. You can find out more about this in [section 1](#).

We have delivered the priorities we set ourselves for this year

The Mastertrust is always looking for ways to continue to develop and improve the offering for our members. In last year's report we set ourselves the following key priorities:

Priority identified in previous report

Continue to manage the risks created by the COVID-19 crisis, ensuring that Legal & General continues to prioritise core services, vulnerable customers and the driving of improvements to service levels

Update

In addition to maintaining the 'business as usual' activities, we've overseen the efforts Legal & General has made to support members during this difficult time. We've ensured clear information was sent to members on the impact of COVID-19 on their pension savings. There's also information and support for those dealing with redundancy or furlough and help to promote mental wellbeing.

Together with Legal & General we have established, embedded and improved ways of working to ensure service is maintained despite the necessity for increased home working.

Complete the memorandum of understanding with Legal & General. This document defines the split of roles and responsibilities between the trustees, Legal & General and all those that support the Mastertrust. The creation of the document over the last year has already increased accountability and clarity and will be finalised this year.

The memorandum of understanding was approved by the trustees and Legal & General and has been updated and developed.

Continue to embed our new risk management framework. Last year we enhanced our risk management framework, giving our Governance, Risk and Audit Committee greater oversight of the movement and management of risks across the Mastertrust. This new approach will be tested and improved as it is embedded over the next 12 months.

The risk management framework is now embedded in trustee and committee meetings and is operating effectively.

Explore ways to engage members in their scheme, particularly through a focus on environmental, social and governance (ESG) issues.

Our annual member forum focused on ESG and attracted 3,300 virtual attendees.

Further develop our strategic plan and strategic objectives.

Plan and objectives updated for 2021. A full review will be undertaken in the coming year.

Introduce a new Implementation Statement, describing how our Statement of Investment Principles have been applied in practice across the year.

The [Implementation Statement](#) is now available on our website.

Update our annual assurance framework to the new standards introduced by the Institute of Chartered Accounts in England and Wales.

Updated, and assurance successfully provided by external auditors against the new framework



The Mastertrust continues to grow

- The trustees are pleased that so many new employers share our belief in the scheme. During the year the Mastertrust, and its sister scheme, the Legal & General WorkSave Mastertrust, have grown as follows:

	Mastertrust	Mastertrust (RAS)	Combined
Participating employers			
5 April 2021	137	88	225
5 April 2020	119	42	161
Membership			
5 April 2021	413,005	831,817	1,244,822
5 April 2020	336,586	713,495	1,050,081
Assets			
5 April 2021	£7.33 billion	£5.87 billion	£13.20 billion
5 April 2020	£4.03 billion	£3.83 billion	£7.86 billion

- We can report that the major transfers of assets into the Mastertrust that took place during the last year were carried out effectively by Legal & General. You can find more information on these transfers in [section 4](#). Legal & General, working with the participating employers, has worked to minimise out-of-market risks and transaction costs where possible.
- The continued growth of the Mastertrust provides greater economies of scale which allows for further investment into the scheme and additional value for members. The improvements and new initiatives introduced during the year are evidenced in this document.
- The trustees continue to monitor that this growth is sustainable, and our Governance, Risk and Audit Committee has documented the controls in place to ensure that the business is scaling up to meet the growing size of the scheme.

We have further strengthened our governance, particularly investment governance

As explained earlier in this document, it is the trustees' goal to deliver excellent scheme governance, to seek to provide you with the best possible outcome. We strengthened this further during the year by:

- Agreeing a memorandum of understanding with Legal & General. This document defines the split of roles and responsibilities between the trustees, Legal & General and all those that support the Mastertrust. Whilst we already had an open and positive relationship with Legal & General, documenting our approach and formalising it within this document provided even greater clarity and accountability.
- Whilst we consider that we have a 'best in class' approach to governance, we felt it was important to introduce an external evaluation of our Trustee Board. This new, and we believe, market leading approach, provides an independent assessment of our board's effectiveness. Improvement areas are discussed, and owners are allocated to progress matters. See [section 7](#) for details of the evaluation.
- The Investment Committee reviewed their governance of investment related activities. They added to their documented policies, including a new roles and responsibilities document.

We have committed to reach net zero carbon emissions by 2050

- The Mastertrust announced plans to achieve net zero on default investment options by 2050. This builds on our existing commitments to taking environmental, social and governance factors into consideration when making our investment decisions. We also support Legal & General's Climate Impact Pledge.
- We introduced a framework to measure progress against this commitment which includes a target of around a 50% reduction in carbon emissions intensity within our Multi-Asset Funds and around a 60% reduction for our Target Date Funds (65% in the growth phase). Variation will occur depending on a fund's investment strategy.

We ran our most successful member forum to date and are introducing new ways to hear directly from members

- In 2020, we hosted our first ever fully online member forum which attracted 3,300 members. This event was held jointly with the Legal & General Independent Governance Committee and we were pleased to welcome film director Richard Curtis as a speaker on our panel. Richard is a founder of [Make My Money Matter](#), an organisation which seeks to ensure the trillions of pounds of pension savings are invested to build a better world. We were delighted with the number of attendees and the level of engagement with this topic. It's clear from the positive feedback that we received after the event that messages about ESG and responsible investing can help members engage with and feel proud of their pension.
- We consider member feedback fundamental in supporting us in running the scheme. As such, we are introducing a member advisory panel. The panel is intended to be made up of a diverse range of members and allows us, and Legal & General, to share ideas and new developments and hear directly from members.

We supported Legal & General's campaign to assist members through the challenges that arose as a result of COVID-19 and to help them be aware of scams

- Legal & General undertook a campaign to contact members to let them know what support was available to them to help with any issues arising as a result of COVID-19 including the impacts of furlough and redundancy. A COVID-19 online hub was introduced with valuable resources.

- The pensions industry has seen a rise in scams during the year and we were supportive of Legal & General's communications campaign to raise awareness of scams, how members can avoid them and what to look out for when considering a transfer. Stringent measures were put in place when dealing with transfers to protect members as much as possible.

Our assessment of the last 12 months

One of the trustees' key aims is to ensure that the Mastertrust provides good value for our members. Having carried out our assessments, along with our independent advisers, we can confirm to you that: **overall, the Mastertrust provided 'Good', and in some areas, 'Very Good' value for members.**

Our assessment considers both the quality of the services as well as the costs and charges members pay. We explain why we have formed this conclusion in this report. We also explain how we are satisfied that administration and core financial transactions have been carried out accurately and largely promptly and how the trustees have kept their knowledge of pension matters and the Mastertrust itself, up to date.



Looking ahead, the trustees have a clear action plan to improve the Mastertrust

Whilst we consider the Mastertrust provides good to very good value, we're always looking for ways to continue to develop and improve the offering for our members. The trustees' current priorities are as follows:

- Revise our strategic plan and consider what information to communicate in relation to the trustees' key objectives and strategic priorities.
- Introduce and embed a member advisory panel, to hear directly from members and inform the development of the scheme.
- Gain further insights into member behaviours and communication preferences to seek to tailor our approach to suit member needs.
- Introduce member targeted communications from the trustees explaining some key pensions topics.
- Define our approach to focus on the growing scale of the Mastertrust.
- Continue to oversee administration performance to ensure members are receiving a quality service within the agreed service levels.
- Continue to develop our investment offering to optimise member outcomes and reflect differing member requirements.
- Work towards and embed our roadmap to net zero, complying with the new requirements from the Taskforce for Climate Related Financial Disclosures (TCFD).
- Review the legal services provided to the Mastertrust, as part of our regular six-yearly review of key service providers.

For the record

This annual statement regarding governance has been prepared in accordance with:

- Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715) as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (SI 2015/879); and
- The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 (SI 2018/233).

Concluding remarks

Following our review, we consider you are receiving good value for money in the Mastertrust. As trustees, we've delivered against our priorities from last year and have a clear action plan for the year ahead.

A separate Chair's Statement has been produced for our sister scheme, the Legal & General WorkSave Mastertrust. If you're unsure which Legal & General Mastertrust you are member of, please check online at [Manage Your Account](#). Alternatively, follow the signposting on your 2021 annual benefit statement to see which scheme you're in.

A copy of this statement (which includes the full Statement of Investment Principles) is published online at www.legalandgeneral.com/mastertrust/. Your annual benefit statement also includes details of where you can find the Chair's Statement, Statement of Investment Principles and Implementation Statement online.

We hope this statement helps you understand how your pension is being looked after. If you would like to give any feedback on its contents please contact the trustees at mastertrust_trustees@lgim.com or, if you have any questions on how it affects you, please contact the Trust Services team at employerdedicatedteam@landg.com or by telephoning 0345 070 8686.

This summary and the statement are signed on behalf of the trustees by:

Dermot

Dermot Courtier

Independent Chair of Trustees for the Legal & General WorkSave Mastertrust
25 October 2021

(The original signed version is available for inspection on request, please contact mastertrust_trustees@lgim.com for this copy.)

The remainder of this statement describes in more detail the trustees' governance and management of the Mastertrust during the last year.



Section 1

How we oversee the Mastertrust

The law requires that we as trustees:

- design 'default' investment arrangements in the best interests of our members and keep these under review (the 'default' investment options are for those who don't wish to make decisions on where their pension money is invested);
- ensure that core financial transactions are processed in a timely and accurate manner;
- assess the quality of member communications and how effective they are in helping our members make good decisions; and
- assess whether costs and charges paid by our members represent good value.

In addition, the trustees have:

- a strategic plan which clearly articulates the trustees' mission and strategic goals, which are all driven by a commitment to deliver the best possible outcomes for you as our members; and
- an objective to develop best practice or best in class governance to deliver the best possible outcomes for our members.



Who's who?

So far, we've referred to Legal & General as the Mastertrust's provider. However, you'll see several different company names used throughout this document. We've shown below who's who and what role they play in the Mastertrust:

- Legal & General Assurance Society Limited (Legal & General) - Legal & General is the scheme funder which sponsors the Mastertrust and provides financial support for its operation and management. Legal & General also administers the Mastertrust by investing contributions, maintaining member records, issuing communications and calculating and paying retirement income.
- Legal & General Resources Limited (LGRL) - LGRL is the Mastertrust's principal employer.
- Legal & General Investment Management (LGIM) – this is the fund management company which manages the majority of the Mastertrust's assets.

In the sections that follow, we will generally refer to these collectively as Legal & General to simplify matters.

Further to the Legal & General entities listed above, there is also Legal & General Trustees Limited (LGTL) which is the corporate trustee set up to govern the Mastertrust arrangement, which it does together with three professional trustee companies.

Employers outside Legal & General wishing to use the Mastertrust to provide pension benefits for their employees become what are referred to as 'participating employers'.

The Board of Trustees

Who are the trustees?

The trustees play an important role in ensuring that the Mastertrust is well run. We believe it's important for the Board of Trustees to have members who are independent of the Mastertrust provider and who have lots of experience in the pensions industry.

The Board of Trustees is as follows:

- Legal & General Trustees Limited (LGTL). The LGTL trustee directors are Dermot Courtier, Independent Chair of Trustees, and Moira Beckwith.
- BESTrustees Limited, an independent professional trustee firm, which is represented by Catherine Redmond.
- 2020 Trustees, an independent professional trustee firm, which is represented by Mark Cliff.
- The Law Debenture Pension Trust Corporation PLC, an independent professional trustee firm, which is represented by Robert Thomas.



Dermot Courtier, Independent Chair

Dermot was appointed the Independent Chair of the Mastertrust with effect from 1 March 2017. He also acts as Chair of the Legal & General Independent Governance Committee.

Dermot is Director of Group Pensions at Kingfisher plc as well as Secretary to Kingfisher Pension Trustee Limited which oversees the governance and the running of the Kingfisher Pension Scheme. Dermot is a member of the PLSA DC Committee and a Chartered Fellow of the Institute of Personnel & Development.



Moira Beckwith, Trustee

Moira joined the Board in September 2017, she chairs the Operations Committee and the Governance, Risk and Audit Committee. Previously Moira was employed by GlaxoSmithKline (GSK) where she worked for over 20 years. At GSK, Moira was responsible for benefit programmes in different geographies, including the UK benefit and pension plans. She continues to be a trustee of GSK's pension plans (DB and DC), sits on their Audit, Risk and Operations Committee and chairs their DC Committee.

She is a skilled employee benefits and pensions professional and has gained wide pensions experience within corporate environments and brings a wealth of industry knowledge and understanding.



Mark Cliff, Trustee

Mark joined the Board on 3 April 2020 and chairs the Communications Committee. Mark has 25 years' experience in pensions across advisory, in-house and trustee chair roles. After 20 years in the advisory community, Mark moved to Manchester Airports Group as Head of Pensions in 2013 before taking on the wider role as Reward and Pensions Director.

Mark was appointed to his first trustee chair roles in 2013 and joined 20-20 Trustees in April 2019.



Catherine Redmond, Trustee

Catherine joined the Board on 3 April 2020 and chairs the Investment Committee. As well as representing BESTrustees Limited on the Board of the Mastertrust, Catherine sits on the trustee board of a range of other DB and DC pension schemes. Catherine is a Fellow of the Institute of Actuaries, with over 25 years' experience in the pensions industry. Before becoming an independent professional trustee, Catherine held senior management roles at two of the largest private sector pension schemes in the UK – Barclays UK Retirement Fund and the BT Pension Scheme.



Robert Thomas, Trustee

Robert joined the Board on 3 April 2020 and is a director at Law Debenture Pension Trust Corporation. Robert trained as a chartered accountant with Arthur Andersen before working in various corporate financial roles at two large multinationals and chairing each of their pension trustee boards. He joined Law Debenture as a full-time independent professional trustee in 2017 and is a member of its Pensions Management Group. He sits on the Council of the Association of Professional Pension Trustees, was on the working party that developed the 2019 code of standards for professional trustees of occupational pension schemes and is currently a member of the industry wide GMP equalisation working group.

Trustees who stood down during the year

As reported in last year's statement, Ali Toutounchi stood down from the Board on 15 May 2020 and David Butcher stood down from the Board on 27 August 2020. Given Ali and David were on the Board during this reporting period we have included further information on their background and experience as follows:



Ali Toutounchi, Trustee

Ali joined the Board in June 2016 and stood down on 15 May 2020. Ali has over 30 years of experience in investments. He was formerly Managing Director of Legal & General Investment Management's Global Index Funds overseeing the management of over £275 billion of assets on behalf of pension funds, institutional and retail investors. Ali has a first class honours degree in economics and statistics from University College, London, and a PhD in actuarial mathematics from Heriot-Watt University, Edinburgh.



David Butcher, Trustee

David joined the Board in May 2018 and stood down on 27 August 2020. David started his career with Legal & General as a pensions inspector and has spent more than 40 years in the pensions and investment industry. David was formerly Chief Executive Officer of Invesco Perpetual Pensions and a non-executive director of BlackRock Pensions. He also held several senior positions at Flemings/Save & Prosper, now part of JP Morgan Asset Management. David has significant corporate governance experience having served on 10 different boards over 30 years as well as many board committees. He is also Chair of Risk Technologies, a FinTech startup, and Chair of The Optimum Health Clinic Foundation charity.

Independence of the trustees

The law requires that most members of the Board of Trustees of a master trust, including the Chair, must be 'non-affiliated'. In addition, the Chair of the Board must be independent. This requirement has been met throughout the year.

Broadly speaking, to be 'non-affiliated', trustees must be independent of any company or organisation that provides, or has provided in the last five years, advisory, administration, investment or other services in respect of a master trust (a 'service provider').

For the purposes of determining whether an individual is non-affiliated, the following matters must be considered:

- Whether they are a director, manager, partner or employee of a service provider (or an undertaking which is connected to a service provider) in the period of five years ending with the date of the person's appointment as a trustee.
- Whether they receive any payment or other benefit from a service provider.
- Whether or not the person's obligations to a service provider conflict with their obligations as a trustee (and whether their obligations as a trustee will take priority in the case of a conflict).

There are also time limits relating to the appointment of non-affiliated trustees. Trustees can be treated as non-affiliated for a single period of five years (or up to 10 years in total). If there is a gap of more than five years between appointments, the previous appointment is ignored when working out the total. Slightly different rules apply to professional trustee bodies (who are not restricted to any particular term, but which individual representative cannot retain that role for more than 10 years in total, regardless of any gap between appointments).

All current trustees and trustee directors, including the Chair of the Trustee Board, are non-affiliated because they are all independent of any company or organisation that provides, or has provided in the last five years, advisory, administration, investment or other services in respect of the master trust.

Ali Toutounchi (who stood down with effect from 15 May 2020) was not considered to be non-affiliated because he is a former employee of Legal & General and currently undertakes consultancy work for Legal & General. He is also a director of several Legal & General subsidiaries and is the chair of one. However, his knowledge of Legal & General was an asset to the Trustee Board and any potential conflicts of interest were managed.

Appointment of trustees

The law requires that the trustees of a master trust are selected and appointed using a transparent process. Legal & General operates an open and transparent recruitment process. This is managed by Legal & General's company secretary, who prepares the candidate profile in conjunction with the Chair of the trustees.

Review process: trustee directors of LGTL

The trustee directors of LGTL are appointed by Legal & General for an initial three-year term. Legal & General expects that the trustee directors will serve two three-year terms, subject to satisfactory performance which includes being prepared for trustee meetings, contributing fully to discussions, and actively seeking to maintain their knowledge and understanding. Legal & General, with the agreement of the Trustee Board, may invite directors to serve a third three-year term.

Review process: independent professional trustees

Legal & General carries out an independent professional trustees' effectiveness assessment every three years. Subject to a satisfactory assessment, an independent professional trustee is invited to continue for a further three years, with representatives normally serving a maximum of six. Every six years, Legal & General undertakes a market review of the independent professional trustees, considering their suitability and performance against the appointment criteria and compared with other independent trustees. Following this market review, Legal & General made changes to the Board, as set out above using the open and transparent process described as follows.

Selection process: trustee directors and independent professional trustees

When preparing the candidate profile for the trustee directors and independent professional trustees, Legal & General considers both the diversity of the Board of Trustees (in terms of aspects such as gender and experience) and the gaps identified in the most recent assessment of the Board's experience and skills. An external executive search agency is appointed to identify suitable candidates. Candidates are invited to attend interviews with the Chair of Trustees, Scheme Strategist, the Chair of Legal & General Resources Limited, the principal employer and other members of Legal & General's Senior Leadership team. No new trustees have been recruited in the reporting period.




Master trust supervision

As an authorised master trust we have provided information to The Pensions Regulator both on request and proactively and have an open and collaborative relationship with them.

A woman with dark hair and glasses, wearing an orange jacket, is standing in an office and talking on a black mobile phone. She is holding a clipboard with a pen in her left hand. In the background, there are several computer monitors on desks and a man sitting at a desk, looking down. The office has a modern feel with a white wall and a hanging light fixture.

Section 2

The default investment arrangements



A default investment arrangement is where a member's money will be invested if they haven't selected their own funds. It allows them to join a pension scheme without having to make an active decision on where they want to invest their money.

Why do we have default investment arrangements?

As the Mastertrust is a qualifying scheme for auto-enrolment, the trustees are required by law to have default investment arrangements in place. We also believe it is helpful for members as:

- it should be easy for someone to become a member of the Mastertrust and start building retirement benefits without the need to make any investment decisions; and
- the majority of the Mastertrust's member cohorts are expected to have broadly similar investment needs.

The default arrangement for your employer will depend on the governance model they have selected.

Employers who offer their pension arrangement through the Mastertrust have a choice of two governance models. The model they choose will depend on how involved they want to be in the running of the scheme and the investment options they want to make available to their employees.

Sole governance

Your employer delegates all the fiduciary and governance responsibilities to the Mastertrust trustees. For example, the design of the default arrangement and other investment funds. Under sole governance there is a choice of pre-designed investment strategies. In addition, upon request, the Mastertrust trustees will also consider the creation of a bespoke default under their 'sole flexibility' policy using a pre-approved range of funds. The trustees' independent investment adviser reviews the default investment strategies and their ongoing appropriateness for members at least every three years.

Shared governance

Your employer is actively involved in the pensions arrangement and takes investment advice, both initially and on an ongoing basis, from its own adviser. It reviews its tailored investment strategy and its ongoing appropriateness to its membership at least every three years. The employers are expected to take into account and align with key principles laid out in the Mastertrust SIP. The trustees approve the investment strategy and any changes to it. The ongoing fiduciary responsibility remains with the Mastertrust trustees.

In addition to the above accumulation models, the Mastertrust offers an At-retirement solution for members and employers and a section that accepts deferred members only:

At-retirement

The At-retirement section of the Mastertrust offers an appropriate vehicle for members to invest into at the point of, and following, their retirement. It's also available to members of other occupational pension schemes which offer their members a suitable post-retirement vehicle.

Deferred liability

This section is for deferred members, transferred in from own trust arrangements with no on-going participating employer. As standard the default arrangements will be the pre-designed investment strategies under the sole governance model. The Mastertrust trustees will approve an alternative strategy if they think it in the best interest of members and review them on a regular and ongoing basis according to the sole governance principles.

Investment oversight

The trustees' Investment Committee reviews all investment-related matters including:

- maintaining an up-to date [Statement of Investment Principles](#) (SIP) which sets out the principles governing how decisions about investment must be made;
- reporting on their performance against the principles set out in the SIP as part of their annual [Implementation Statement](#);
- considering the investment needs of the Mastertrust's sole governance membership and their demographic profile when designing and reviewing the default investment arrangements at least annually;
- reviewing the performance and the continued suitability of the investment platform provided as part of the trustees' contract with Legal & General;
- considering and approving, as appropriate, any requests from any participating employer's governance committee for tailored investment options for its members and making recommendations to the trustees on its approval;
- regularly reviewing the investment strategy, performance, and risk profile of all investment options, including the default investment arrangements, to ensure they remain suitable and making recommendations on changes to the trustees;
- appraising the stewardship policies and ESG approaches of the investment managers responsible for the management of our members' assets; and
- overseeing any bespoke default strategies for members that don't have a participating employer (such as deferred member schemes).

In addition, the trustees' Investment Committee and our independent investment adviser:

- monitor the performance and risk profile of all funds on a quarterly basis through detailed investment reports;
- assess the suitability and appropriateness of the sole governance investment options. This involves considering aspects such as the projected sizes of our members' pension pots at retirement and what our members are expected to do at the point of retirement; and
- monitor the funds qualitatively on an ongoing basis and consider any changes to the funds which may impact their ongoing suitability for our members.

Designing the default arrangements

To design and maintain default arrangements that meet the needs of most of our members, the trustees consider factors including:

- the age profile of our members;
- our members' likely earnings profile;
- the likely sizes of our members' pension pots at retirement;
- our members' likely benefit choices at and into retirement, based where possible on data gained through surveys and administration data;
- regulatory and legislative requirements impacting default arrangements;
- the Mastertrust's Deed and Rules and any limitations imposed by that;
- the trustees' over-riding investment principles;
- whether the ESG beliefs and policies of investment managers are aligned with the trustees' own, which in turn is informed but not bound by the trustees' best understanding of the membership's beliefs; and
- feedback from employers, through the Mastertrust Employer Group and from our members received through the annual member forum and focus groups.

Investment objectives

The main investment objective for both governance models is to help deliver good member outcomes at retirement.

For the sole governance model

The trustees believe that it is in the best interests of the majority of members to offer default arrangements which:

- manage the main investment risks our members face during their membership of the Mastertrust;
- target a long-term investment return above the rate of inflation, measured by the Consumer Prices Index (CPI), while taking an appropriate level of risk during membership of the Mastertrust for the majority of members who do not make investment choices;
- reflect our members' likely choices at retirement; and
- provide good value for our members, given that they pay the investment costs within the Mastertrust.



The sole governance default arrangements

Employers within the sole governance model have a choice of four pre-approved default arrangements:

Target Date Funds

The Target Date Funds, previously known as Pathway Funds, are a suite of funds which invest in a mix of assets which gradually changes as members approach retirement and after retirement, while managing possible downside risk. Members choose (or are defaulted into) the fund that matches most closely when they expect to retire. These default arrangements have been designed to manage members' investments to and through retirement by providing them with a flexible solution to build a retirement income that is aligned with their anticipated retirement date.

The Target Date Funds were reviewed as part of an annual review at the Investment Committee on 14 December 2020.

Legal & General PMC Multi-Asset Fund 3

The Fund is managed by Legal & General Investment Management (LGIM). The aim of the Fund is to provide long-term investment growth through exposure to a diversified range of asset classes. It incorporates considerations of ESG factors through strong stewardship and active engagement with the companies in which it invests. The diversified nature of the fund means that it is expected to be less affected by adverse market conditions in world stock markets than a fund purely invested in company shares. However, it may perform less strongly than funds invested solely in company shares in benign or positive market conditions.

ESG considerations are integrated within the Multi-Asset Fund. Firstly, the fund manager, LGIM, assess ESG risks when setting our Strategic Asset Allocation for the fund. This is how they choose which asset classes to invest in as well as how much, which may change over time depending on investment views. Secondly, all security exposures across the fund benefit from LGIM's Investment Stewardship and Active Engagement approach, through which LGIM as a shareholder engages with companies and votes on behalf of its clients.

Finally, LGIM also remove several companies from the equity index building blocks, excluding coal miners, controversial weapons and UN Global Compact violators, and will also implement disinvestments as part of the LGIM Climate Impact Pledge. More information on the approach to ESG can be found here:

www.legalandgeneral.com/esghub

The Multi-Asset Fund was reviewed as part of an annual review at the Investment Committee on 14 December 2020.



Future World Multi-Asset Fund

Some employers may wish to offer members a default arrangement that takes a focused stance towards ESG factors. The Future World Multi-Asset Fund aims to provide long-term investment growth through exposure to a diversified range of asset classes while reflecting significant ESG issues in the fund's investment strategy. The primary way in which the ESG objectives are reflected into the FW MAF's strategy is through the Future World Index Funds. These Funds have a bespoke index design which use an overall ESG score for each company in the index to tilt the initial market capitalisation index to invest more into high scoring ESG companies and less into low scoring companies.

The Future World Multi-Asset Fund was reviewed as part of an annual review at the Investment Committee on 14 December 2020.

Drawdown Lifestyle

This is a lifestyle profile which starts by investing members' pension pots in the Legal & General PMC Multi-Asset Fund 3 which, as explained above, aims to provide long-term investment growth through exposure to a diversified range of asset classes. When members reach three years before retirement, the lifestyle profile gradually begins to move their money into the Retirement Income Multi-Asset Fund, which aims to provide long-term investment growth up to and during retirement, and to facilitate the drawdown of retirement income, by investing globally in a range of different asset

classes. In this way, the lifestyle profile provides a strategy that offers the potential for growth for members who intend to leave their pension pot invested through their retirement and opt to draw their money down flexibly after retirement, known as 'income drawdown'.

The Drawdown Lifestyle was reviewed as part of an annual review at the Investment Committee on 14 December 2020.

Other default arrangements

Cash (Suspensions) 3 Fund - In March 2020 due to difficulties in valuing property assets during the pandemic, several property funds were suspended, meaning that they could no longer accept money in or out, on a temporary basis. As a result, Legal & General created a new fund, named the 'Cash (Suspensions) 3 Fund' to accept member contributions intended for the suspended funds until the money could be moved back into the property funds once they operated normally again. Because member contributions into this fund were directed there without specific instructions from each member, the Cash (Suspensions) 3 Fund must be declared as a default arrangement and governed as such by the trustees.

The Cash (Suspensions) 3 Fund was reviewed as part of an annual review at the Investment Committee on 14 December 2020.

More information on the performance of these funds can be found in [Appendix 2](#).

Pre-retirement

Our members are prompted to think about their plans for retirement in a series of 'nudge' communications starting 10 years in advance of their selected retirement age. Members in the Legal & General PMC Multi-Asset Fund 3 can choose one of three pre-retirement strategies depending on what they expect to do when they retire. For those members who select one of the three pre-retirement strategies, starting three years from their selected retirement age, their pension pot will be gradually switched on a monthly basis from their selected default fund to the funds shown below:

Lifestyle	Objectives	Funds on retirement date
Cash Lifestyle	Take pension pot as cash	L&G PMC Cash Fund 3 (100%)
Annuity Lifestyle	Buy an annuity	L&G PMC Pre-Retirement Fund 3 (75%) L&G PMC Cash Fund 3 (25%)
Drawdown Lifestyle	Leave pension pot invested and use it to provide a flexible income in retirement	L&G PMC Retirement Income Multi-Asset Fund 3 (100%)

For members who do not make an active decision, their pension pot will remain invested in the Legal & General PMC Multi-Asset Fund 3.

More information on the performance of these funds can be found in [Appendix 2](#).

Triennial review of the strategy and performance of the sole governance defaults

Trustees are required by law to review the strategy and performance of the default arrangements at least every three years and without delay following any significant change in investment policy or the demographic profile of relevant members to ensure that the investment options remain fit for purpose and that the default investment arrangements continue to be suitable for the majority of our members.

Our triennial review of the sole governance default options was undertaken by the trustees with advice from our independent investment consultant, Dean Wetton Advisory (DWA) and completed in July 2019.

Conclusion

The trustees are satisfied that sole governance default arrangements remain suitable for the members to which they relate and that the strategy and performance are in keeping with the investment objectives set out in the Statement of Investment Principles.

As a result, there were no changes to the default arrangements during the year.

Review of the strategy and performance of the shared governance model defaults

Under the shared governance model, the investment strategy for both the default and the self-select funds is determined by the employer's own independent investment adviser. Any recommendations for change are presented to the trustees and their investment adviser for approval. We expect the participating employers to consider a range of criteria which reflect those that the trustees use under the sole governance models as outlined above. We also expect them to consider any feedback provided to the employer in relation to their members' views on pension investments.

All employer-designed strategies under the shared governance model are discussed in detail with the Mastertrust's trustees. We approve these strategies before they are implemented or changed. Participating employers are required to commission a review by their own investment adviser at least every three years or when there are significant changes to the membership, and to agree any changes with the Mastertrust's trustees.



As part of the Mastertrust trustees' review process, shared governance model strategies and their performance (along with any advice provided by employers' own investment advisers) are considered at Investment Committee meetings which are also attended by the trustees' independent investment consultants. Further details of the trustees' monitoring process can be found in their [Statement of Investment Principles](#).

During the year, the trustees' Investment Committee and investment adviser were asked to consider the following reviews:

The trustees received some requests from participating employers to move from shared governance to sole governance. These were:

- Sainsbury's – implemented in summer 2021

The trustees also received investment requests for the following new participating employers in the Mastertrust on a shared governance basis:

- Hymans (bespoke default and fund ranges)

During the period, the trustees reviewed investment requests for two bespoke at retirement propositions and two bespoke deferred liability plans. For one deferred liability plan; the trustees approved the transition of members from a cash targeting lifestyle into the Multi-Asset Fund for implementation in 2021.

A schedule of all shared governance Mastertrust participating employers and the date of their next triennial review, is set out below:

Shared governance participating employer	Default review completed in period	Date of last review completed	Date of next review
The Tesco Retirement Savings Plan	N	Q2 2018	In progress
Mondelez UK Retirement Savings Scheme*	N	Q4 2017	In progress
Sainsbury's Retirement Savings Plan*	Y	Q4 2020	Moved to sole governance
Companion Care (The Vet Group Pension, The Pets Pension)	N	Q4 2019	Move to sole governance
University of Birmingham Group Retirement Plan	N	Q3 2018	In progress
Hymans Robertson	Y	Q2 2020	Q3 2023

* these employers were highlighted in last year's report as having a review "in progress". The results of those reviews are as follows:

- Mondelez – have completed their review for consideration by the trustees
- Sainsbury's Retirement Savings Plan – the review was completed with a recommendation to move to sole governance

At-retirement option

This option offers members, and members of other trust-based pension schemes, the opportunity to participate in the Mastertrust after the point of retirement. It is intended to meet the needs of:

- members who want to use their pension pots in a way that is not available in their current pension arrangement; and
- trustees of other pension schemes who are seeking to provide their members with access to a post-retirement solution that is designed to mirror their normal scheme arrangement.

The Mastertrust can accept applications directly from members, and employers do not need to formally participate in the Mastertrust by way of deed; a simple service agreement will suffice. However, where an employer wishes to put bespoke investment choices in place for an At-retirement option, the trustees require an investment protocol, which commits the employer to conducting regular on-going reviews of the bespoke investments. Ultimate responsibility for governance of the investment arrangements remains with the Mastertrust trustees.

During the year, the trustees have introduced the concept of investment pathways to the standard At-retirement proposition, and for simple, standard sole governance arrangements where in-scheme drawdown is offered. Investment pathways are a concept introduced into regulation for contract-based schemes by the FCA, from 1 February 2021. They are not compulsory for master trust arrangements at this time, however, the trustees warmly welcomed the aim of the concept – to help members who choose to take flexi-access drawdown to choose an appropriate investment approach for the money left invested in their pension pot.

Information about investment pathways is provided to members in the run-up to retirement, with full details given at the point a member requests a quote for flexi-access drawdown. Members are offered a choice of four investment pathway options:

- Option 1: I have no plans to touch my money in the next five years
- Option 2: I plan to use my money to set up a guaranteed income (annuity) within the next five years
- Option 3: I plan to start taking my money as a long-term income within the next five years
- Option 4: I plan to take out all my money within the next five years

A member may select one of these options, or a mixture of them. Should they choose an investment pathway, they are automatically invested in the corresponding investment fund as part of the drawdown set up process, after tax-free cash is paid. Of course, they are also able to select their own investments, and where appropriate, continue with their previous investment selections (where drawdown is offered in scheme).

The Mastertrust offers two different sets of investment solutions for employers, although a member will see only one set. The first set is more ESG focused and is applied to At-retirement arrangements or in-scheme drawdown where the accumulation default is either Target Date Funds or Future World Multi-Asset Fund. The second set is used for all other arrangements where investment pathways are applicable. Details of the investment solutions are below:

Investment pathway option	Investment solution: greater ESG focus	Investment solution: some ESG focus
Option 1 (growth)	Future World Multi-Asset Fund	Multi-Asset Fund
Option 2 (annuity)	50% Future World Multi-Asset Fund 50% Inflation Sensitive Pre-Retirement Fund	50% Multi-Asset Fund 50% Inflation Sensitive Pre-Retirement Fund
Option 3 (drawdown)	Retirement Income Multi-Asset Fund	Retirement Income Multi-Asset Fund
Option 4 (cash)	Short Dated Sterling Corporate Bond Fund	Short Dated Sterling Corporate Bond Fund

Members who do not choose their own funds and don't have access to investment pathways are automatically invested in the Legal & General PMC Retirement Income Multi-Asset Fund. This has been designed to be appropriate for members who wish to take income, either regularly or from time-to-time from their pension pot during their retirement. The Legal & General PMC Retirement Income Multi-Asset Fund was last reviewed as part of the drawdown lifestyle in November 2018. The Legal & General PMC Retirement Income Multi-Asset Fund is monitored every quarter through the fund monitoring process; the trustees' independent investment advisers would alert the trustees if there was any issue with this fund.

Although this is not a regulatory default, the trustees monitor this fund in a similar way. Full details of the investment strategies for all default arrangements are included in the [Sole Governance Default Strategies Document](#) which accompanies the [Statement of Investment Principles](#) (SIP).

Statement of Investment Principles (SIP)

The Statement of Investment Principles (SIP) is appended to this statement – see [Appendix 1](#). Please note that this covers all the Mastertrust's investment options – please take care to look at the investment options for the governance model chosen by your employer.



Section 3

Charges and transaction costs

The charges you pay on the funds you invest in will affect the returns you get from your pension investments over time. All funds have charges and, as trustees, we consider how much you are paying and whether this represents good value for you. We also provide you with illustrations on the impact of these charges over time. This section covers:

1. details of who pays what charges;
2. a description of the charges you pay; and
3. information on what the charges are (which depends on the fund you invest in).

Detailed information relating to charges and transaction costs has been obtained by the trustees. See [Appendix 3](#) for further details.



Who pays what charges?

The charges you pay includes fees for the following services:

- Investment management
- Investment transactions
- Administration
- Communications
- Governance

Under the shared governance model some participating employers also pay for their own governance. Some participating employers pay the administration costs on behalf of their members.

The presentation of the charges and transaction costs that you will find in [Appendix 3](#), together with the projections of the impact of charges and costs in [Appendix 4](#), follow statutory guidance issued by the Department for Work and Pensions.



How are charges calculated?

There are several different charges which you pay to have your funds managed. We've explained them below and covered what is included in each one.

Name of charge	What this includes/ is it fixed or can it change?
Annual management charge (AMC)	This covers the cost of administering the Mastertrust and is set out in the agreements between each participating employer and Legal & General. It's shown as a fixed percentage of plan value.
Investment management charge (IMC)	This is the cost charged by the fund manager for managing the investment funds (this varies by fund) - it's shown as a fixed percentage of fund value.
Additional expenses (also known as operating costs and expenses)	Additional expenses include items such as custodian fees and audit costs (variable percentage each year).
Fund management charge (FMC)	Investment management charge + additional expenses (variable percentage each year).
Total expense ratio (TER)	Annual management charge + fund management charge (variable percentage each year).

When we refer to the charges you pay, we mean the total expense ratio.

What are transaction costs and how are they calculated?

While the charges above are relatively easy to identify, transaction costs are much harder to see.

A fund's transaction costs, which are in addition to the charges above, can arise when the fund manager buys or sells part of a fund's portfolio of assets. They are only incurred when some form of dealing (a transaction) takes place. They vary from one transaction to another depending on many factors including the size of the transaction, where the fund is invested and market conditions at the time. Transaction costs include stockbroker commissions, stamp duty taxes, and exchange fees. These are called 'explicit costs'. They also include 'implicit costs' which represent the change in the value of the transaction while being executed. Transaction costs are considered when the funds' unit prices are calculated. This means that transaction costs are not readily visible, but they will be reflected in funds' investment performance.

The regulator for the fund managers and platform providers is the Financial Conduct Authority (FCA). The FCA requires fund managers and investment platform providers to calculate transaction costs using what is known as the 'slippage method'. This compares the value of assets immediately before and after a transaction has taken place. While we might intuitively expect transaction costs to detract from performance, this is not always the case. For example, where there are favourable market movements while a transaction is being done, this may offset the other trading costs noted above and actually add to the performance. This is why some of the transaction costs you will see are negative (they are adding to performance).

Fund managers usually supply transaction costs calculated on this basis quarterly in arrears.

Charges for the default arrangements

The charges for each fund used in the default arrangements are shown in [Appendix 3](#).

The charges for each default arrangement vary within the ranges shown in the table below, depending on the terms your employer has agreed with Legal & General (broadly reflecting the amount invested and being invested for each participating employer). To find the exact charges that you have incurred on your pension, please refer to your annual member benefit statement.

The range of charges for each default arrangement during the year covered by this statement is shown below.

The Mastertrust is a qualifying scheme for auto-enrolment purposes and the member-borne charges for the default arrangements are required to comply with a 0.75% p.a. annual charge cap. We confirm that during the year covered by this statement, the charges for each of the defaults were beneath this cap.

Sole governance model

Under the sole governance model (as described in [section 2](#)) there are a choice of four pre-approved strategies that a client can select as their default arrangement.

The charges for the standard default set of Legal & General PMC Target Date Funds were in a range from 0.21% to 0.47% each year of the amount invested or, put another way, in a range from £2.10 to £4.70 per £1,000 invested.

The charges for the default Legal & General PMC Multi-Asset Fund 3 were in a range from 0.13% to 0.50% each year of the amount invested or, put another way, in a range from £1.30 to £5.00 per £1,000 invested.

The charges for the alternative default of the Legal & General PMC Future World Multi-Asset Fund 3 were in a range from 0.16% to 0.46% each year of the amount invested or, put another way, in a range from £1.60 to £4.60 per £1,000 invested.

The charges for the cash default Cash (Suspensions) Fund 3 were in a range from 0.10% to 0.47% each year of the amount invested or, put another way, in a range from £1.00 to £4.70 per £1,000 invested.

Members can choose to follow a specific lifestyle strategy if they are invested in the Legal & General PMC Multi-Asset Fund 3 default (which alters the risk and return profile of their investment in the last three years before retirement) to suit their specific requirements. For these members, the charges were as follows:



Drawdown Lifestyle

Period to retirement	Charge	
	% fund value p.a.	£ per £1,000
Up to 3 years from retirement	0.13 to 0.50	£1.30 to £5.00
3 years to retirement	0.14 to 0.51	£1.40 to £5.10
2 years to retirement	0.19 to 0.56	£1.90 to £5.60
1 year to retirement	0.26 to 0.63	£2.60 to £6.30
At retirement	0.31 to 0.68	£3.10 to £6.80

Source: LGIM

The average annual charges for the Drawdown Lifestyle was in a range from 0.14% to 0.51% each year of the amount invested or £1.40 and £5.10 per £1,000 invested for a member invested over 30 years up to their selected retirement age.

Cash Lifestyle

Period to retirement	Charge	
	% fund value p.a.	£ per £1,000
Up to 3 years from retirement	0.13 to 0.50	£1.30 to £5.00
3 years to retirement	0.13 to 0.50	£1.30 to £5.00
2 years to retirement	0.12 to 0.49	£1.20 to £4.90
1 year to retirement	0.10 to 0.48	£1.00 to £4.80
At retirement	0.09 to 0.47	£0.90 to £4.70

Source: LGIM

The average charge for the Cash Lifestyle was in a range from 0.13% and 0.50% each year of the amount invested or £1.30 and £5.00 per £1,000 invested for a member invested over 30 years up to their selected retirement age.

Annuity Lifestyle

Period to retirement	Charge	
	% fund value p.a.	£ per £1,000
Up to 3 years from retirement	0.13 to 0.50	£1.30 to £5.00
3 years to retirement	0.13 to 0.50	£1.30 to £5.00
2 years to retirement	0.12 to 0.49	£1.20 to £4.90
1 year to retirement	0.12 to 0.48	£1.20 to £4.80
At retirement	0.11 to 0.47	£1.10 to £4.70

Source: LGIM

The average charge for the Annuity Lifestyle was in a range from 0.13% and 0.50% each year of the amount invested or £1.30 and £5.00 per £1,000 invested for a member invested over 30 years up to their selected retirement.

At-retirement option

The charges for the Legal & General PMC Retirement Income Multi-Asset Fund 3 during the year were in a range from 0.31% to 0.68% of the amount invested or, put another way, in a range from £3.10 to £6.80 per £1,000 invested.

Self-select funds

The Mastertrust sole governance model offers members a choice of 18 self-select funds plus the set of funds under the Legal & General PMC Target Date Funds 3 if Target Date Funds are selected as the default.

During the year, the charges for the self-select funds were in a range from 0.09% to 1.28% each year of the amount invested or, put another way, in a range from £0.90 to £12.80 per £1,000 invested. The charges for most funds were less than 1.00% each year or less than £10.00 per £1,000 invested. Further information can be found in [Appendix 3](#).

Shared governance model

The charges for the default arrangements used by each participating employer in the shared governance model are shown in the ‘Your guide to investing’ section on the employer pension website.

The charges for the various default arrangements in the shared governance model were in a range from 0.13% to 0.60% each year of the amount invested or, put another way, in a range from £1.30 to £6.00 per £1,000 invested.

The Mastertrust shared governance model offers a choice of nearly 100 self-select funds plus three sets of Target Date Funds (targeting annuity purchase, drawdown and cash respectively) to members across all the participating employers - although not all funds are available to each employer's members.

During the year, the charges for the self-select funds were in a range from 0.13% to 1.35% each year of the amount invested or, put another way, in a range from £1.30 to £13.50 per £1,000 invested.

Further information can be found in [Appendix 3](#).

Transaction costs for the default arrangements

The transaction costs for each fund used in the default arrangements are shown in [Appendix 3](#).

These costs will be the same for all participating employers.

Sole governance model

Under the sole governance model there are four primary defaults that employers can choose from the Multi-Asset Fund, the Future World Multi-Asset Fund, a Drawdown Lifestyle profile and a set of Target Date Funds. On occasion, the trustees may look at alternative default arrangements. During the year covered by this statement, the transaction costs for the default Legal & General PMC Multi-Asset Fund 3 were 0.03% each year of the amount invested or, put another way, £0.30 per £1,000 invested.

The average transaction costs for the default Legal & General PMC Target Date Funds are shown below:

Legal & General PMC Target Date Funds 3	Charge	
	% each year	£ per £1,000
2015 - 2020 Target Date Fund 3	0.00	£0.00
2020 - 2025 Target Date Fund 3	0.00	£0.00
2025 - 2030 Target Date Fund 3	0.03	£0.30
2030 - 2035 Target Date Fund 3	0.03	£0.30
2035 - 2040 Target Date Fund 3	0.03	£0.30
2040 - 2045 Target Date Fund 3	0.04	£0.40
2045 - 2050 Target Date Fund 3	0.09	£0.90
2050 - 2055 Target Date Fund 3	0.10	£1.00
2055 - 2060 Target Date Fund 3	0.09	£0.90
2060 - 2065 Target Date Fund 3	0.09	£0.90
2065 - 2070 Target Date Fund 3	0.10	£1.00

Source: LGIM

The average transaction costs for the default Legal & General PMC Future World Multi-Asset Fund 3 during the year were 0.01% of the amount invested or, put another way, £0.10 per £1,000 invested.

The average transaction costs for the default Legal & General PMC Cash (Suspensions) Fund 3 during the year were minus 0.01% of the amount invested or, put another way, a saving of £0.10 per £1,000 invested.

The default Drawdown Lifestyle is available as both a pre-approved default and a self-select option, the transaction costs during the year are shown below:

Drawdown Lifestyle

Period to retirement	Charge	
	% each year	£ per £1,000
Up to 3 years from retirement	0.03	£0.30
3 years to retirement	0.02	£0.20
2 years to retirement	0.01	£0.10
1 year to retirement	0.01	£0.10
At retirement	0.00	£0.00

Source: LGIM

The average annual transaction costs for the Drawdown Lifestyle was 0.03% each year of the amount invested or £0.30 per £1,000 invested for a member invested over 30 years up to their selected retirement age.

As noted above, members can choose to follow a lifestyle strategy (which alters the risk and return profile of their investment in the last three years before retirement) to suit their specific requirements. For these members, the transaction costs are:

Cash Lifestyle

Period to retirement	Charge	
	% each year	£ per £1,000
Up to 3 years from retirement	0.03	£0.30
3 years to retirement	0.02	£0.20
2 years to retirement	0.01	£0.10
1 year to retirement	0.00	£0.00
At retirement	(0.01)	(£0.10)

Source: LGIM

The average annual transaction costs for the Cash Lifestyle was 0.03% each year of the amount invested or £0.30 per £1,000 invested for a member invested over 30 years up to their selected retirement age.

Annuity Lifestyle

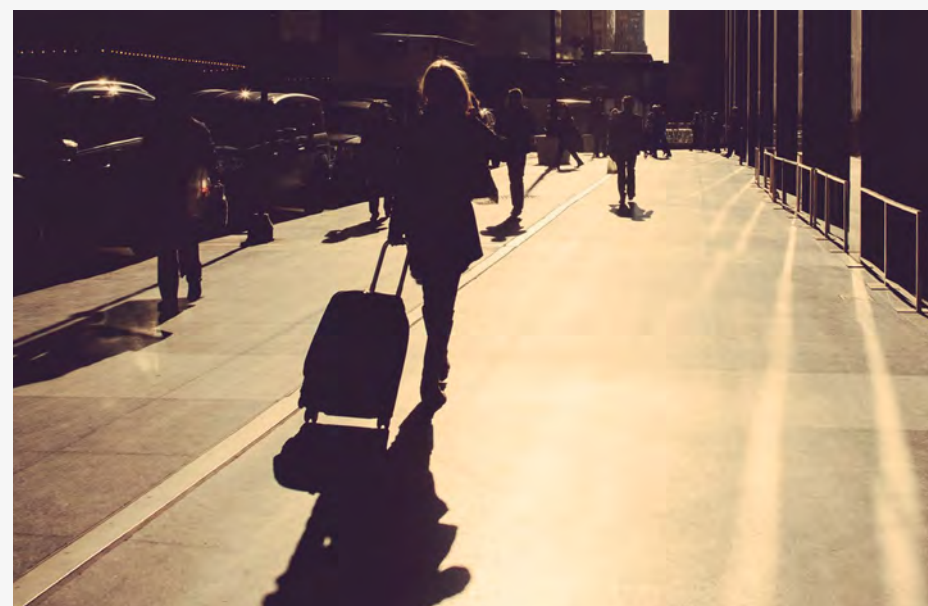
Period to retirement	Charge	
	% each year	£ per £1,000
Up to 3 years from retirement	0.03	£0.30
3 years to retirement	0.03	£0.30
2 years to retirement	0.03	£0.30
1 year to retirement	0.04	£0.40
At retirement	0.05	£0.50

Source: LGIM

The average annual transaction costs for the Annuity Lifestyle was 0.03% each year of the amount invested or £0.30 per £1,000 invested for a member invested over 30 years up to their selected retirement age.

At-retirement option

The transaction costs for the Legal & General PMC Retirement Income Multi-Asset Fund 3 during the year were 0.00% of the amount invested or, put another way, £0.00 per £1,000 invested.



Self-select funds

The transaction costs for the self-select investment options outside the sole governance default arrangements during the year were in a range from 0.00% p.a. to 0.30% p.a. of the amount invested or, put another way, in a range of £0.00 to £3.00 per £1,000 invested.

Further information can be found in [Appendix 3](#).

Shared governance model

During the year covered by this statement, the transaction costs for the various default arrangements in the shared governance model were in a range of 0.00% p.a. to 0.25% p.a. of the amount invested or, put another way, in a range of £0.00 to £2.50 per £1,000 invested.

The transaction costs for the self-select investment options outside the shared governance default arrangements during the year were in a range of 0.00% p.a. to 0.68% p.a. of the amount invested or, put another way, in a range of £0.00 to of £6.80 per £1,000 invested.

Further information can be found in [Appendix 3](#).

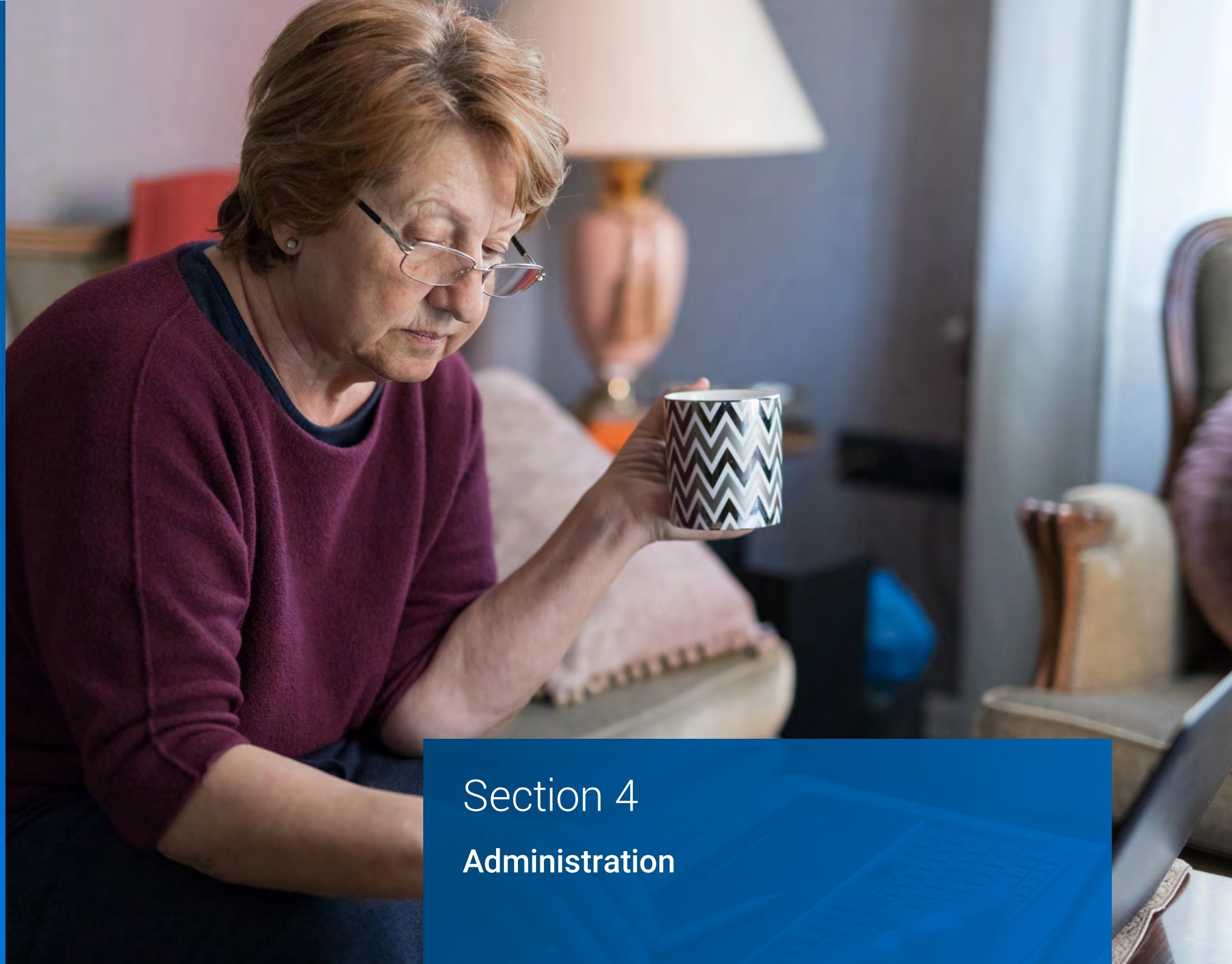
Impact of costs and charges

To help our members understand the impact of charges on their pension investments, and in line with our legal obligations, the trustees have asked Legal & General to illustrate the impact over time of the costs and charges that our members pay for.

These illustrations show projected fund values in today's money before and after costs and charges for a typical member at different stages from joining the Mastertrust at age 25 up to their retirement. We have chosen to use age 25 as the starting point for the illustrations as this best reflects the overall membership of the Mastertrust and members of differing ages can also see the impact at differing ages as this is shown in the table.

The tables in [Appendix 4](#) to this statement show figures for the default arrangements and a selection of self-select investment options at three typical levels of charges together with a note of the assumptions used in calculating these illustrations. Illustrations specific to each participating employer and the charges their members pay will be available on the employers' pension websites.





Section 4

Administration

The trustees have appointed Legal & General Assurance Society Limited (Legal & General) to administer the Mastertrust on their behalf.

Administration including processing of core financial transactions

The trustees are required to ensure that core financial transactions are processed promptly and accurately.

What are core financial transactions?

Core financial transactions include, but are not limited to, the investment of contributions, transfers of members' assets to or from the Mastertrust, switches between funds and payments of benefits to members or their beneficiaries.



Service levels

The trustees have entered into a services agreement with Legal & General for pension administration services to ensure that core financial transactions are processed promptly and accurately. The agreement details the 28 key administration processes (listed below) to be performed, and the target service levels within which each administration process is to be completed. Under this agreement, Legal & General aims to ensure that at least 95% of each process is completed within the target service levels.

To judge how well Legal & General is administering the Mastertrust, the trustees receive a monthly report which sets out the volume of tasks received, and the percentage of these tasks completed within the target service level. The trustees monitor Legal & General's performance against these service standards on a bi-monthly basis and challenge Legal & General where servicing falls below the standards. The Legal & General Head of Client & Business Relations attends the bi-monthly Operations Committee to report to the trustees on the performance for the period and provide updates on the actions being taken to address out-of-line situations. In addition, the monthly reports are presented to the trustees at their bi-monthly board meeting.

Due to COVID-19 and the impact this has had on administration, the trustees asked Legal & General to provide a weekly report to enable performance to be monitored more frequently to identify any areas that required improvement and work with Legal & General to bring service levels back on target.

The administration performance of Legal & General in each quarter over the last year was:

Processes	Target	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Administration processes					
New joiners	24 hours	100%	100%	100%	100%
Contribution allocation	24 hours	100%	100%	100%	100%
Manual member statements	5 working days	99%	99%	99%	98%
Customer updates & enquiries	5 working days	91%	86%	98%	96%
Investment switches	24 hours	99%	100%	100%	100%

Processes	Target	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Pre-retirement processes					
Divorce quotation	5 working days	91%	79%	80%	82%
Divorce payment	5 working days	57%	67%	11%	56%
Transfer quote	5 working days	23%	58%	61%	95%
Transfer payment	5 working days	73%	78%	73%	78%
Leaver option pack	5 working days	100%	100%	100%	100%
Short service refund	5 working days	49%	59%	99%	97%
Surrenders	5 working days	0%	17%	60%	50%
Transfers in (individual)	5 working days	96%	99%	99%	100%
Retirement processes					
Maturity packs	5 working days	96%	87%	79%	83%
Retirement annuity quotation	5 working days	100%	93%	97%	91%
Retirement annuity payments	5 working days	100%	98%	98%	97%
Full lump sum quote	5 working days	98%	92%	94%	96%
Full lump sum payment	5 working days	95%	90%	87%	94%
Partial lump sum quote	5 working days	87%	85%	89%	91%
Partial lump sum payment	5 working days	92%	84%	79%	81%
Flexible access drawdown quote	9 working days	82%	37%	43%	32%
Flexible access drawdown payment	10 working days	100%	99%	98%	99%
Ill health quote	5 working days	67%	29%	47%	65%
Ill health payment	5 working days	67%	42%	48%	50%
Serious ill health quote	5 working days	97%	80%	100%	100%
Serious ill health payment	5 working days	92%	92%	95%	100%
Quote of death benefits	5 working days	97%	79%	99%	96%
Death benefit payment	5 working days	91%	67%	98%	93%

Where Legal & General has not met the 95% service level target, it is required to provide the trustees with an explanation as to why not, details of the actions the company is taking to address the underlying issues, and how it's monitoring the effectiveness of those actions. Where necessary, the trustees challenge Legal & General on the robustness of the actions being taken to address out-of-line situations and the time taken to address them.

The overall position is that 99.84% of all transactions delivered in 2020/21 achieved a 100% service level. The trustees challenged Legal & General on the areas where targets had not been met. Legal & General explained that a primary reason for the reduction in service across the last 12 months was due to increased level of absence as some employees self-isolated as a result of COVID-19, an increase in calls and unprecedented volumes in certain areas such as ill health, serious ill health and death claim cases.

During the initial period of the reporting year and the first lockdown the Legal & General team started working from home and there was a focus on priority and sensitive processes. For some processes that were not in this initial focus, such as transfers out and member amendment and enquiry processes, a pipeline of work built up.

Working from home impacted the productivity of some members of the operations team, but we recognise the outstanding support offered to employees at this challenging time such as wellbeing initiatives and flexible working.

A summary of the processes that experienced significant underperformance are below. These processes were reviewed on a weekly basis by the trustees and the senior operations leadership team at Legal & General:

- **Death claim cases:** Regrettably, there was an increase in death claims during the scheme year which led to an initial reduction in service, however this was recovered, and the team delivered a strong service level in second half of the year.
- **Transfer quotes and payments:** Experienced an unplanned increase in volume and there was an initial reduction in service as the team focused on priority and sensitive processes. This led to a backlog of cases. An investment in training for new colleagues to support the team helped to improve the position.
- **Short service refunds:** Dipped at the beginning of the scheme year as the team adapted to working from home but then improved in the second half of the year.



- **Surrenders:** Service levels fluctuated throughout the year mostly due to the small volumes received (average of six surrenders a quarter). The team are required to carefully check all details and documentation, and this can sometimes delay payment if more information is required.
- **Divorce quotes:** There was an increase in demand for quotes and service levels reduced after the first quarter but were then maintained at the same level for the rest of the year. This work is delivered by a dedicated team and in some cases, they need to obtain further information before a quote can be produced. The member is kept informed throughout the process.
- **Divorce payments:** Continued at low levels with on average two to three payments a month, despite the increase in divorce quotes. Because the volumes are low, the service level can be impacted if there are any delays due to the quality checks undertaken before releasing the payment.
- **Flexible access drawdown quotes:** Service levels were impacted by an increase in demand at the same time as the team introduced new processes to deliver investment pathways for members. Investment pathways are now embedded in the team and service levels have improved.

The trustees confirm that Legal & General monitors its administration performance against service levels by following the quality review processes outlined below supported by peer oversight:

- All processes are documented using a standard operating procedure (SOP) methodology and are assigned owners within the appropriate business team.
- Quality or 'in-line' checking. As an example, this involved the loading of a process by one individual which requires a separate authorisation by another before it is completed. The authorisers/checkers would typically be a more senior and/or more experienced member of the team (or at the very least of an equivalent level of skills/experience). The authorisation stage enables a review of what has been requested/loaded and either confirms the instruction or rejects accordingly.
- Quality sampling. An appropriate number of cases for each process and/or member of staff are sampled on an ongoing basis. As individuals become more experienced, the volumes of sampling will reduce accordingly. If individuals are not reaching a target level of achievement, increased levels of sampling will be reinstated together with training interventions. This sampling is always carried out by more senior and experienced members of the team, who are in turn subject to their own 'check the checker' processes which are carried out independently by a stand-alone team. Any issues identified at a record-keeping level would be appropriately corrected.
- All quality data relating to both in-line and sampling activity is reviewed at a monthly Risk and Controls Committee, overseen by the Workplace DC Pensions Senior Leadership team.

Legal & General's philosophy centres on maximising the use of automated 'straight-through processing', therefore avoiding the need for manual intervention and, in turn, significantly reducing the risk of error. However, there will always be cases and/or processes that require the exception of manual processing and in such cases Legal & General adopts a risk-based approach to checking and sampling, depending on a range of factors including:

- the inherent risks within a process, (its complexity and/or financial exposure);
- the design of the process (are there steps in the process which drive a segregation of duties, for instance, if one person loads and another authorises?);
- the skills and experience of the individuals carrying out the process; or
- a combination of the above.

Despite all the various checks and controls, on occasion errors or delays can occur within processes. In such circumstances, Legal & General's priority is to ensure that the member is not disadvantaged by the error, with the member being put back in the position as if the error had not occurred. Legal & General analyses the root cause of all errors, and any member complaints received, to ensure that the underlying issue is identified and addressed. This analysis may identify the need for additional training, enhanced checking, and/or changes to the underlying processes to ensure such issues do not reoccur. Details of issues (call answer rate) arising during the year are set out below. No other significant issues arose during the year.

During the pandemic, the Legal & General operations team delivered AAF 01/06. The framework for this reporting is provided by the Audit and Assurance Faculty of the Institute of Chartered Accountants of England and Wales, 'Assurance Reports on Internal Controls of Service Organisations Made Available to Third Parties' (AAF 01/06) and is an industry-wide recognised reporting framework for practitioners to follow. The production of the AAF report supports the trustees' proactive approach to risk management and provided audited assurance to the trustees that systems and processes are working effectively which will ultimately reduce risk to members.

All Legal & General Group subsidiaries are subject to regular independent internal auditing from the Legal & General Group Internal Audit department (GIA). The GIA is independent of all business and operational functions in the Legal & General Group plc, and ultimately reports to the Group Audit Committee on the effectiveness of the control environment in mitigating the key risks of the group. Where there were service delays, we were concerned about the impact on members.

An Internal Group Conduct Risk Monitoring audit was commissioned on the application of the best pricing process for delayed transfers. The team focused on any complaints received to check that the best pricing process was robust. From this audit of the Operations area, the trustees received reassurance that good member outcomes have been delivered during the reporting period. While the timeliness of service has been impacted, good outcomes for members has not.

Legal & General's policies and processes follow the industry recognised standards and guidance and all the tier one providers are ISO 27001 certified at a supplier level.

Member experience

Legal & General aims to ensure that 97% of calls received by the helpline are answered within one minute. Legal & General monitors the volume of calls received, answered, the average speed of answer and the average call time. The call answer rate, average speed of answer and customer satisfaction scores for the year, by quarter, are set out in the below table:

Member Helpline

	Targets	Average	Mar-21	Dec-20	Sep-20	Jun-20
Call answer rate	97%	89%	91%	91%	88%	84%
Average speed of answer (m:ss)	01:00	02:42	02:01	02:25	02:51	03:31
Customer satisfaction	90%	78%	77%	79%	77%	80%

During the initial part of the reporting period the helpline team focused on taking calls from vulnerable and priority customers and supporting members with accessing their secure online service, Manage Your Account. Legal & General was able to provide an ongoing service to all members as they worked through firebreaks and local lockdowns. The service level was not delivered during the reporting period but improved during the scheme year as the team adapted to the new model of working.



Taking action to improve administration service levels and member experience

To improve service levels for some of the processes during the year, Legal & General put the following remediation actions into place and the trustees monitored them on a regular basis:

- Increased the number of Legal & General colleagues to support member requests.
- Enhanced the focus on skills training and development of new and existing operations colleagues in Cardiff.
- Continued to review processes and service improvements using robotics and process re-design.
- Invested in technology to support self-service by members.
- Enhanced IT infrastructure to strengthen resilience.
- Continued to focus on scenario planning so that the operations team understood the impact external threats (such as sickness, volume of work requests, client activity or continued remote working) could have on service levels.
- Supported colleagues to work in the office rather than at home if it improved their wellbeing or ability to work.
- Increased the ability to move colleagues between teams to ensure that priority customers or high volume areas were supported.
- Focused on sensitive payments to ensure that members and beneficiaries were provided with the support they needed and received the best level of service.
- Invested in colleagues' wellbeing and engagement overall but especially in the sensitive payment area so that absence rates were managed to improve the overall capacity of the teams to deliver service levels.
- Made changes to the interactive voice responses for members calling into the helpline so that they were directed quickly to the right support.
- Worked to reduce overall call handling time and increased the capacity to answer calls by making system updates more efficient.
- Used tools to understand member activity and made recommendations to improve the member experience. For example, a recent update to the on-line password process helped reduce calls into the helpline.

Monitoring service levels and core financial transactions

In addition to monitoring service levels and member experience as explained above, the trustees also:

- receive monthly reports from Legal & General on the processing of financial transactions and other administration processes against the agreed service levels over the reporting period. Instigated by the impact of the pandemic, reporting has moved to weekly;
- hold a site visit with the administration teams at least annually to meet the Legal & General teams and their managers, listen to calls and observe processes in action;
- consider the reasons for and resolution of any breaches of service standards;
- arrange an annual review of the accuracy of common (such as name, date of birth, address) and conditional (information required to run the scheme) data. As at 1 December 2020, 97.18% of common data was recorded with 93.81% of conditional data being recorded. Most missing or invalid data items relate to invalid addresses where members have been recorded as 'gone away'. Legal & General uses a third-party tracing service to monitor the accuracy of member addresses held, and to trace members recorded as 'gone away'; and
- receive updates from Legal & General's group internal audit function which highlights any concerns relating to the trustees' areas of responsibility.

In addition, Legal & General has a comprehensive process to monitor the prompt payment of contributions to the Mastertrust by employers and to highlight and follow-up in all cases where the employer has not paid their contributions by the due date. The trustees receive an update on late payments of contributions to the Mastertrust, including how late the payments are. This is monitored at the trustees' Operations Committee at its bi-monthly meetings.

Member feedback

The trustees consider feedback from members that has been gathered from sources such as direct complaints, member satisfaction scores and surveys. This year's results provide the following information:

- The average percentage of customers who complete the surveys sent is 10.56% (circa 17,000 members).
- Customer satisfaction scores have averaged 75% throughout the year.
- Ease of contact scores have averaged 76%, with knowledge of staff scores averaging 81%.

Customer journey	Customer Satisfaction Score (CSAT)
PAY ME (CLAIMS) (traditional journey)	77%
HELP ME GROW (transfers in)	81%
GOODBYE (transfers out)	74%
LIVE WITH ME (telephony)	77%
LIVE WITH ME (non-telephony)	63%
PAY ME	86%



This year surveys have focused on understanding more about members, including their needs and demands and why they get in contact. With this insight Legal & General has amended their service proposition to either enable members to access the information they need directly or to streamline their requests. As a result:

- eligible members can take cash out of their pension faster;
- members can access frequently asked questions online; and
- members have access to a virtual chat functionality, allowing them to contact Legal & General using the method they most prefer.

Administration site visit

The trustees held a virtual site visit with the administrator in October 2020 where the service model and all associated activities were reviewed. We discussed how Legal & General was supporting their colleagues during the pandemic and managing the associated risks, including increased volumes and reduced staffing. Key areas including scams risk and cyber security were also discussed. The trustees were impressed with the initiatives in place to support colleagues' health and development needs, the investment Legal & General makes in sustainable working from home facilities, and efficiencies and communications developments including a 'chat bot' allowing members to communicate how and when they wish to.

The Legal & General team also outlined various development activities during the year. They have invested heavily in building a professional and robust service capability to drive improvements to the member experience, which includes:

- appointment of two senior roles specialising in service experience;
- enhancements to member surveys to capture more insightful feedback and cover a wider range of member interactions and journeys;
- introduction of a new demand capture tool which provides detailed insight into why members contact Legal & General, what help/support they need and how they respond to the requests; and
- they have enhanced their root cause analysis framework and have established a customer and client experience forum to drive improvements based on member feedback.



Reviewing competitiveness

The trustees have an open-ended contract with Legal & General for the provision of administration services. The trustees monitor the competitiveness of Legal & General's service standards through:

- feedback from participating employers via the quarterly Mastertrust Employers Group meetings where employers have the opportunity to meet the trustees and receive updates from Legal & General. This includes a closed session without Legal & General present where employers can speak to the trustees about any concerns they have; and
- attending governance meetings for some participating employers and receiving feedback from these meetings.

The feedback from these meetings provides the trustees with anecdotal evidence of the quality of the administration services and how Legal & General addresses 'out of line' situations or issues. While this feedback does not provide the trustees with direct information on the competitiveness of Legal & General's service standards, the trustees also note that the Mastertrust is continuing to attract new participating employers in competition with other major master trusts.

Employers and trustees of other schemes looking to move to a master trust carry out their own due diligence. The increase of new employers joining our Mastertrust following this process suggests that it's competitive within the market. As a result, the trustees are satisfied that Legal & General's service remains competitive.

Conclusions

The trustees note that during the last year:

- Legal & General has provided the trustees with evidence that transactions have been processed accurately. However, there were some delays to processing some core financial transactions;
- where delays or errors occurred, Legal & General ensured that members were left in a 'no-worse-off' position than if the delay or error had not occurred; and
- the service standards for key administrative processes and call answer rates for the Mastertrust were, in the main, achieved.

Overall, the trustees are satisfied that during the year:

- core financial transactions were processed accurately;
- the wider administration of the Mastertrust broadly achieved the agreed service standards; and
- pleasingly, all regular contributions received for existing members and new joiners were managed with a 100% service level during the year.

Nevertheless, the trustees were focused on the following areas where there was room for improvement:

- delays processing some financial transactions; and
- a slight decline in the overall administration service levels.

The trustees understand from Legal & General that the decline in service standards was largely as a result of the pandemic and moving to a new home working model as well as increases in volumes of certain processes.

The helpline was closed for a short period at the end of March 2020 into April 2020 due to the closure of the Cardiff office as a result of COVID-19. The trustees worked with Legal & General over this period, receiving regular updates on how core processes would continue to function and how support for vulnerable members would be prioritised. During this unprecedented period the trustees continued to robustly challenge Legal & General and were ultimately satisfied that support was given to vulnerable members and that they were kept fully informed of developments, moving from monthly service level reporting to weekly to closely monitor services to members.

Legal & General put remediation plans in place to improve service levels as outlined previously. The trustees are satisfied that Legal & General is listening to their concerns and keeping them regularly updated.

Despite the impact of the pandemic there were enhancements to the member journey and experience, which included:

- **Pay Me:** Transformed the experience for members taking all their cash from their retirement savings, moving from a fully paper-based process to a one stop phone-based experience. This has resulted in a significant increase in customer satisfaction and means that members can access their money faster.
- **Web chat and virtual assistant:** This new service allows members to self-serve the answers to frequently asked questions and allows them to engage with the helpline team using web chat. Take up of these services has been high and feedback has been very positive.
- **Online Experience:** Legal & General has invested heavily in the online experience for members in Manage Your Account. Legal & General has improved the log in and registration journey, made more documents and communications available online and introduced new ways for members to request updates, take actions and submit documents online.
- **Automation:** Legal & General has continued to deliver a series of automation solutions using robotics technology, which free up the administration and helpline teams to support members.

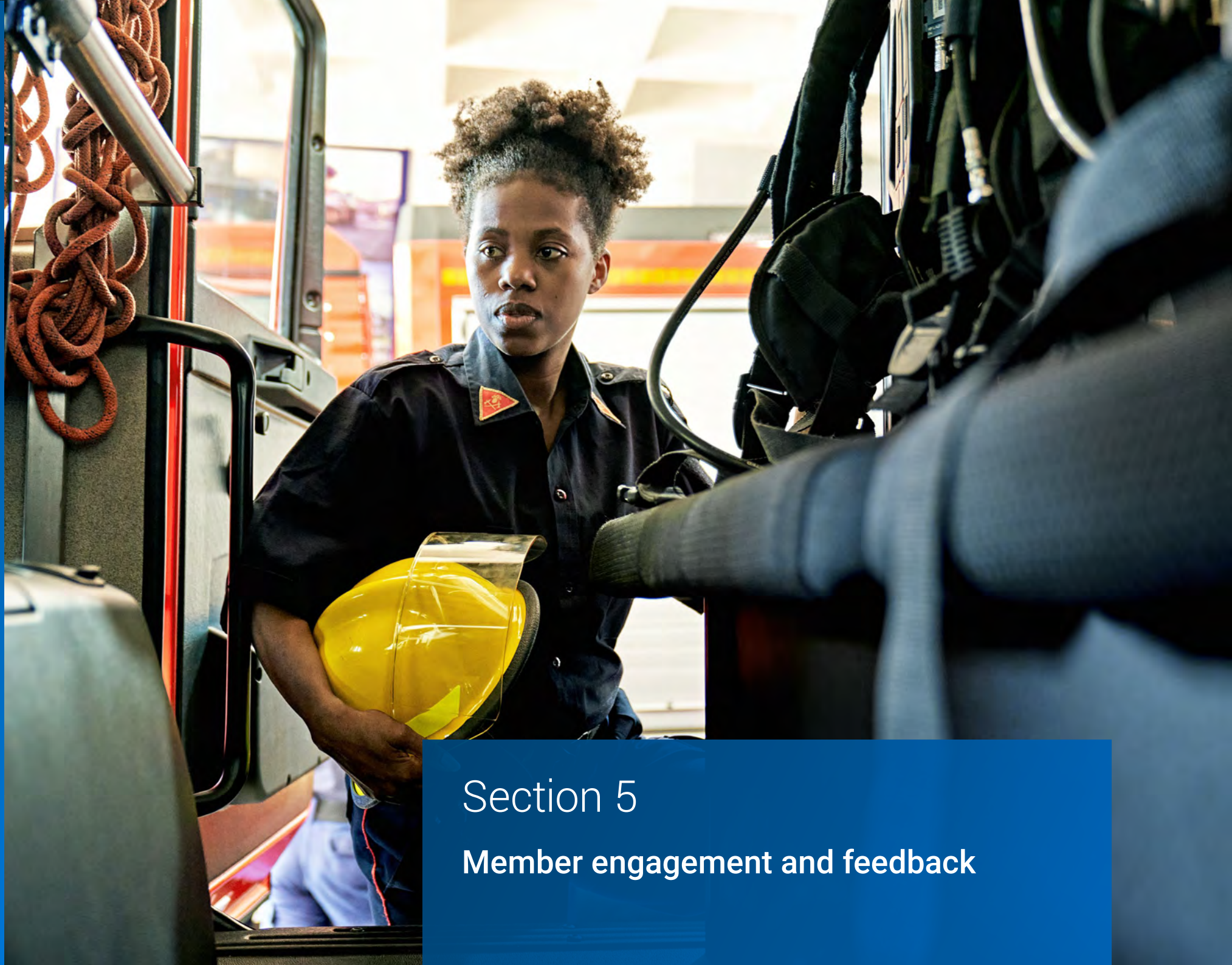
Major financial transactions

During the year there were several large-scale transfers of assets into the Mastertrust as a result of the following participating employers joining:

Scheme Name	£
PA Consulting	389.4m
Novartis	248.6m
TSB	226.2m
UPM	128.1m
Siemens	120.6m
JTI	113.3m
Pennon	106.9m
Napp Pharmaceutical	90.6m
MAG	88.2m
Hymans	61.3m
One Stop	50.3m
	1.62bn

We can confirm that the transfers of assets that took place were carried out effectively by Legal & General with no detriment to our members. Legal & General and the participating employers worked to minimise out-of-market risks and transaction costs. When agreed, Legal & General pre-funds the transfer which limits the time and proportion of members' funds that are out-of-market during the actual transfer process.





Section 5

Member engagement and feedback

The trustee's Communication Committee works with Legal & General in the development and review of member engagement programmes and materials with authority to approve certain member communications for use with the Mastertrust.



Member engagement

Legal & General provides a wide range of materials in a variety of media to support members and their employers through the pension journey.

The focus for the communications team and the Communication Committee during the year was to develop the digital proposition further, particularly given the impact of COVID-19 and ensuring we could support members sufficiently during this challenging time. Some of the main achievements during the year included:

- a COVID-19 hub was launched to provide members with information on the impact of the pandemic on their pension as well as support if they were affected by furlough or redundancy. Members were contacted by email to promote the hub and direct them to important resources;
- our annual member forum was held virtually for the very first time with film director Richard Curtis as our guest speaker. The forum was viewed by over 3,300 members and received positive feedback;
- a new online retirement planner tool was rolled out. The planner has a new look and feel, is easily accessible and is pre-populated to help members see accurate projections;
- Legal & General launched their new wellbeing portal 'Go & Live' to support members up to and through retirement;
- the online portal Manage Your Account where members can view their pension savings online was improved to include more functionality; and
- more videos were rolled out to help members understand their pension benefits, including a video on the importance of nominating beneficiaries and how to do this.

Manage Your Account is a valuable tool available to members and helps them keep track of their pension savings. We were pleased that during the year Legal & General developed a new tool to help streamline registering members for Manage Your Account. A personalised link can be sent to members with quick and easy instructions to complete their registration. This has led to a rise in registrations, giving more members oversight of their pension savings.

COVID-19 affected everyone in the UK and we wanted to ensure members were supported. The trustees worked with Legal & General to ensure members understood what this meant for their pension and directed members to important resources. This was done through multiple email campaigns and by signposting members to the COVID-19 hub which was regularly updated. The trustees also contacted employers directly through email campaigns and provided updates at the Mastertrust Employer Group.



Customer Feedback

Mastertrust Employer Group

The trustees hold a quarterly Mastertrust Employer Group where participating employers are provided with an update on Mastertrust developments, forthcoming regulatory changes, investment matters such as environmental, social and governance (ESG) issues, administration, and member engagement. Attendees are invited to submit agenda items and guest speakers regularly attend to cover topical matters. Participating employers are also encouraged to share their views with the trustees in a 'closed' trustee/employer-only session. The trustees place great importance on the feedback gained from these sessions. In 2020, we improved our Mastertrust Employer Group by making the meetings virtual. This has meant even more employers have been able to attend the meetings.

In the last year, examples of the benefits of running the Mastertrust Employer Group have been:

- hearing from The Pensions Regulator on the latest regulatory updates;
- understanding employer views on the issue of 'small pots' and how they should be treated;
- receiving direct feedback from employers in the closed session on opportunities for improvement;
- updating employers on ESG initiatives and the Climate Impact Pledge;
- running interactive online polls to gather employer feedback; and
- keeping employers updated on the impact of COVID-19 and ensuring employers understood how the trustees and Legal & General were supporting members.

Trustees' website

Members can also find out information about the Mastertrust from the trustees' website at www.legalandgeneral.com/mastertrust and can raise questions or provide feedback to the trustees through a dedicated email address mastertrust_Trustees@lgim.com.

Member feedback

The trustees closely monitor member feedback received by Legal & General through its customer and client experience forum (formerly known as the Voice of the Customer) and through the Operations Committee where complaints and types of member queries are reviewed. This member feedback helps to inform the needs of members and influences the communications members receive.

Legal & General uses digital channels (online survey tools) to involve members with communication development. The trustees believe that communication is critical to our members' requirements. Many members are not confident with pensions and therefore need simple regular communications and support.

When members are asked about the attributes that matter most to them, they tend to mention the following:

- clear and simple information about their workplace pension
- efficiency of dealing with enquiries and dealing with knowledgeable employees
- ease of access to information about their pension through their preferred channel
- being kept regularly informed
- product performance (for example, the performance of the default funds)
- support and guidance based on needs and circumstances
- reasonable level of fees and charges
- range of suitable funds to invest in

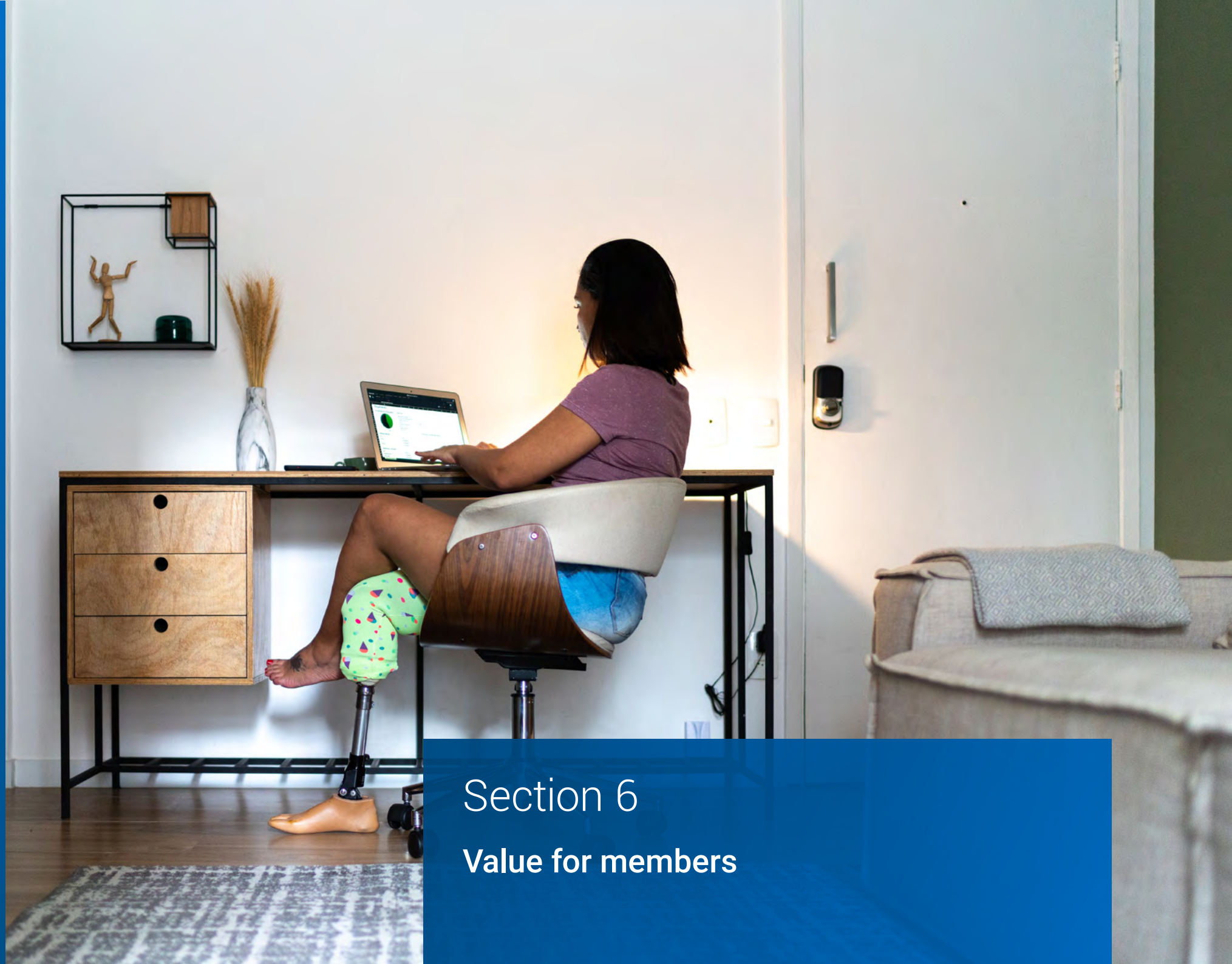
These attributes are borne in mind as the trustees and Legal & General develop their member engagement strategies.

Conclusions

Overall, the trustees are pleased with the developments to communications over the year. COVID-19 has presented challenges for the pensions industry as a whole but has acted as a catalyst to move more functionality and information to online formats to support more members. The trustees are pleased to have reached so many members at the virtual annual member forum. The trustees are also pleased with developments to the retirement planner tool to support members in planning for their future. The trustees are impressed with the communications provided to members regarding COVID-19 over the year, with regular email campaigns and updates made to the COVID-19 page.

Next year, we look forward to providing an update on our new member advisory panel which we established in June 2021. This is a panel made up of members to gather member feedback directly which will be invaluable to the trustees and Legal & General. The trustees are keen to understand more about what matters most to members and what their priorities are. This will complement the work already undertaken through gathering feedback via the customer and client experience forum and analysis of member complaints. Members can apply to join the panel or find out more by emailing mastertrust_trustees@lgim.com





Section 6

Value for members

The assessment

Each year, the trustees carry out an assessment of whether the charges and transaction costs for the default arrangement and other investment options, which are paid in full or in part by our members, represent good value for our members. In addition to costs and charges, the trustees also consider whether the quality of service members get and the returns seen on their investments represent good value.

The trustees have documented the approach they follow to assess value for money and whether the Mastertrust is delivering good value for members. This can be found at www.legalandgeneral.com/workplace/mastertrust/our-responsibility/value-for-money.



Approach

The trustees adopted the following approach to assessing value for members during the last year, in keeping with the guidance from The Pensions Regulator.

Services

We consider that services in the four areas which can have an impact on member outcomes are: investment, administration, communications and governance.

Impact of services on member outcomes

The Mastertrust's membership characteristics including age profile, contribution levels, suitability and usage of investment options, benefit choices at retirement and member needs have been considered when assessing value for members.

Gathered Information

Information has been gathered on the investment, administration, communication and governance service's cost, quality/scope of provision and performance.

Assessment criteria

The trustees monitor value for members against six criteria which range from the costs and charges members pay to the communications they receive. Although each of the six criteria is hugely important, we think that some are more important than others. So we have included weightings to reflect the relative importance of each criterion.

Value ratings

Each criterion is scored ranging between 1 and 6, with 1 being 'completely unacceptable' (which we'd be very disappointed to ever get close to awarding) and 6 being 'exceptional' (which we'd be unlikely to give as there's always room for improvement):

Score	Assessment
6	Exceptional
5	Very good
4	Good
3	Acceptable
2	Unacceptable
1	Completely unacceptable






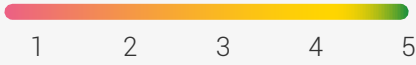
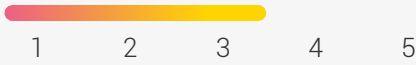
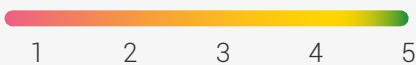
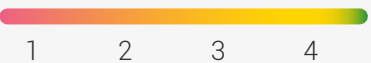
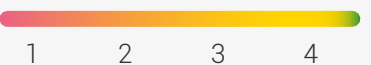
Results

The assessment for the year ending 5 April 2021 shows:

The Mastertrust gave **GOOD** to **VERY GOOD** value for members - scoring 4.6 out of a possible 6

The results and rationale of the 2021 Value for Members assessment are summarised below:

Criteria	Weight	Score	Rationale
Costs and charges Any costs you pay for your pension  <div>1 2 3 4 5 6</div>	15%	4.5	<p>The Mastertrust continues to win and retain clients, demonstrating the competitive pricing that is available for new and existing members.</p> <p>Developments during the last year include providing greater transparency on costs and charges for members. Legal & General made changes to the illustrations provided to members before they take a partial lump sum or go into drawdown at retirement, that include an estimate of the charges they will pay for the first year. This helps them understand the potential charges they will pay and enables them to shop around and compare charges on the open market before making a decision.</p>
The default arrangements How suitable the default arrangements are  <div>1 2 3 4 5 6</div>	20%	5.0	<p>The Mastertrust offers participating employers a choice of governance models, each providing different default arrangements designed to meet the needs of most members.</p> <p>During the year the consideration of environmental, social and governance (ESG) factors has been further integrated into the default options available to members. In time the commitment to net zero by 2050 and new regulatory requirements for the trustees in relation to their oversight of climate-related risks and opportunities will also be reflected. External reports, from ShareAction and Corporate Advisor, validate that Legal & General is market leading in this space.</p>
Investment choice and returns The range of investments available and their performance  <div>1 2 3 4 5 6</div>	20%	5.0	<p>The Mastertrust offers members access to a broad choice of funds across the sole and shared governance arrangements.</p> <p>Within the core fund range which most members have access to, the investment choice covers the broad asset classes and popular belief-based investments.</p> <p>Investment returns for the one-year period vary by fund. The market volatility caused by COVID-19 has meant several funds have been flagged due to short term performance issues. However, the long-term view over five years shows investment returns being in line with expectations and only three funds are currently flagged.</p>

Criteria	Weight	Score	Rationale
Accessing your pension How flexible it is to access your savings on your pension 	10%	5.0	<p>The Mastertrust offers members reaching retirement full flexibility as to how they take their benefits without incurring additional costs.</p> <p>The At-retirement option is also open to members of other pension schemes.</p>
Administration How speedy, accurate and useful the service you get is 	20%	3.5	<p>During the year, investment pathways were introduced, despite not being a regulatory requirement for trust-based schemes.</p> <p>From March 2020 COVID-19 did impact administration service levels and member experience.</p> <p>Legal & General provided the trustees with regular updates during the year on the impact of COVID-19 was having on the administration teams. At the beginning of the pandemic, service levels were reported to the trustees daily which later moved to a weekly reporting model. This has allowed the trustees to maintain a clear view of performance of the administration areas.</p> <p>The trustees are satisfied that when weighed against the exceptional circumstances caused by the pandemic the actions Legal & General has taken to create a robust and sustainable remote service model and their support for colleague wellbeing have been substantial.</p>
Member engagement How accessible and clear member communications are 	15%	5.0	<p>The Mastertrust, through Legal & General, provides a wide range of materials in a variety of media to support members and their employers through the pension journey. The breadth and quality of the materials available continues to grow and there has been a careful and focused investment in the Legal & General communications team.</p> <p>A new version of Manage Your Account (MYA) was rolled out to all members in the year, and content and user experience continues to be enhanced based on member feedback.</p> <p>The Coll8 app, which allows members to access their pension details and request transactions, continued to be rolled out during the year. Employers can link the app to their employer staff portals and use it to give members access to extra services, such as wellbeing tools.</p> <p>In October 2020, the trustees held their first virtual annual member forum. Over 3,300 members watched the event, which is our largest member forum attendance to date</p>
Average score		4.7	
Weighted Average Score		4.6	

The results of the Mastertrust's Value for Members assessment (out of a maximum score of 6) over the last four years are below:

Criteria	2021	2020	2019	2018
Costs and charges				
Any costs you pay for your pension	4.5	4.5	4.5	4.5
The default arrangements				
How suitable the default arrangements are	5.0	5.0	5.0	5.0
Investment choice and returns				
The range of investments available and their performance	5.0	5.0	5.0	5.0
Accessing your pension				
How flexible it is to access your savings on your pension	5.0	5.0	5.0	5.0
Administration				
How prompt, accurate and useful the service you get is	3.5	3.5	4.0	4.0
Member engagement				
How accessible and clear member communications are	5.0	5.0	5.0	4.5
Overall weighted scores	4.6	4.6	4.7	4.7


[Section 8](#) sets out the trustees' action plan for the coming year including the steps they plan to take to improve value for members.





Section 7

Trustees' knowledge and understanding

A close-up photograph showing a person's hands painting yellow paint onto wooden planks. The person is using a brush to apply the paint. The background is a blue, textured surface, possibly a tarp or plastic sheeting. The wooden planks are arranged in a row, and the paint is being applied to the top surface of each plank.

The trustees are required to describe how the knowledge and understanding requirements of sections 247 and 248 of the Pensions Act 2004 have been met during the last year. We also need to explain how the combined knowledge and understanding of the trustees, together with the advice available, enables us to properly exercise our duties.

The trustees were selected by Legal & General to ensure that collectively there is sufficient knowledge, expertise, experience and independence to act in the interests of Mastertrust members and provide robust challenge both to Legal & General and each other. Details of each trustee's experience are set out in [section 1](#).

The following statements list the current practices adopted by the trustees to maintain and develop their level of knowledge and understanding of matters relating to the Mastertrust:

- All trustees maintain their own records of continuous professional development (CPD) which are shared annually with the scheme secretary for monitoring and compliance purposes. The three independent trustee firms on our Trustee Board also have their own training programmes and we expect professional trustee accreditation to be a further indication of knowledge and understanding for professional trustees in future.
- All trustees have completed The Pensions Regulator's Trustee Toolkit, which is an online learning system that develops knowledge across key areas needed by trustees to perform their duties.
- Bespoke training is provided to the trustees, usually within the course of their meetings and timed to support effective decision-making and business plan priorities. Such training is provided by either external advisers or Legal & General subject matter experts. Ad hoc training sessions are also provided periodically. During the last year, the bespoke training that was delivered including a particular focus on climate related risks and opportunities to support the trustees in complying with the requirements of the Taskforce for Climate Related Financial Disclosures (TCFD).
- In addition to the bespoke training provided to the trustees, they are all encouraged to attend externally facilitated events and training programmes.
- The trustees self-assess their skills and experience against the requirements set out in the skills matrix. The combined results have been reviewed by the Trustee Board and have been used to identify potential training requirements for the year ahead grouped by skills, scheme-specific knowledge, accountabilities, and knowledge and understanding.
- The effectiveness of these practices and the training received are reviewed annually as part of an effectiveness review.
- The trustees carry out annual self-assessments to confirm and identify any gaps in their knowledge and skills.

The trustees received the following training during the last year:

Date	Topic	Aim/benefit	Trainer
21/10/2020	Mastertrust Virtual Site Visit to Cardiff	To enhance trustees' knowledge of the operations and administrative services provided to members	Legal & General
17/11/2020	2020 LGIM Climate Impact Pledge	To inform trustees of Legal & General's approach to climate and the Climate Impact Pledge	Legal & General
17/11/2020	Legal & General approach to Cyber threat	To inform trustees of Legal & General's approach to cyber threats	Legal & General
2/12/2020	TCFD Training	To prepare the trustees for new TCFD governance requirements in October 2021	Legal & General and Pinsent Masons
13/01/2021	Expected Group Life Policies (EGLP) and Relevant Life Policies (RLP)	To ensure an understanding of RLP, its differences with EGLP, the market view and respective customer journeys	Pinsent Masons
25/02/2021	Financial Reserving	To understand the regulatory requirements surrounding financial reserving and the responsibilities of the Mastertrust	Legal & General
25/03/2021	Conflicts of Interest	To understand director's duties in relation to potential conflicts of interest	Legal & General

As part of their work, the trustees are aware of their responsibilities under both the Mastertrust rules and regulations; they are supported by their external legal adviser and investment adviser, and those who support them within Legal & General in keeping them up-to-date with legal, funding, investment and regulatory developments.

As a result of their experience, the induction training and ongoing training (as outlined above), all trustees are conversant with, and have a working knowledge of, the law in relation to pensions and trusts, the principles of funding and investment, and the key

Mastertrust documents including the Trust Deed & Rules of the Mastertrust, Committee Terms of Reference, all trustee policies (including those related to identification and management of Conflicts of Interest, Contribution Monitoring, Internal Dispute Resolutions), and the Statement of Investment Principles.

The trustees have appointed suitably qualified and experienced advisers.

The trustees have a process to review the effectiveness of their advisers and to periodically review the appointment of their advisers. During the course of the year the trustees commissioned a desk-based review of the effectiveness of their legal advisers, Pinsent Masons, and a more in-depth independent market review of the effectiveness of their investment advisers, Dean Wetton Advisory Limited. The trustees concluded that the legal services being provided were of a good quality and represented value for members. The investment adviser review was still ongoing at the end of the reporting period and so will be covered in next year's report.

Trustee effectiveness

An annual trustee effectiveness review was carried out and feedback was presented to the trustees in May 2021. This year it was agreed that due to the significant growth of the Mastertrust it was prudent to move to an externally facilitated board evaluation to enhance the independent governance controls. Lintstock were appointed as the preferred facilitator for the review.

Objectives of the effectiveness review

1. To ensure that the trustees remain at the forefront of master trust governance.
2. To provide the trustees with the opportunity to evaluate their own performance.
3. To provide the trustees with the opportunity to evaluate the performance of Legal & General.
4. To identify areas for further development.

Key areas of the effectiveness review

1. Board composition
2. Stakeholder oversight
3. Board dynamics
4. Committee performance
5. Priorities for change
6. Risk management and internal control

In addition, this year the evaluation included a dedicated case study on COVID-19 to understand the trustees' views on how the Board and Legal & General adapted during this challenging time.

Outcome of the effectiveness review

Following the review, an action plan was proposed and agreed by the trustees. The action plan is owned by the trustees and maintained by the Company Secretarial team to maintain confidentiality and independence from Legal & General.

Any actions relating to Legal & General are discussed with the relevant executive owner and progress is monitored and discussed at each trustee meeting.

Conclusion

The trustees are satisfied that the combined knowledge and skills of the trustees, together with both the external and internal specialist advice available, enabled them to properly exercise their duties during the period covered by this statement.



Section 8

Action plan

The trustees have developed their own long-term strategic plan which has two overarching objectives to:

1. ensure that we continue to have strong governance structures and processes to continuously improve the quality of our decision-making and oversight of the Mastertrust; and
2. ensure that we continue to focus on maintaining and developing 'Value for Members'.



In the coming year (which will be covered by the next statement), the trustees intend to carry out the following:

- Revise our strategic plan and consider what information to communicate in relation to the trustees' key objectives and strategic priorities.
- Introduce and embed a member advisory panel, to hear directly from members and inform the development of the scheme.
- Gain further insights into member behaviours and communication preferences to seek to tailor our approach to suit member needs.
- Introduce member targeted communications from the trustees explaining some key pensions topics.
- Define our approach to focus on the growing scale of the Mastertrust.
- Continue to oversee administration performance to ensure members are receiving a quality service within the agreed service levels.
- Continue to develop our investment offering to optimise member outcomes and reflect differing member requirements.
- Work towards/embed our roadmap to net zero, complying with the new requirements from the Taskforce for Climate Related Financial Disclosures (TCFD).
- Review the legal services provided to the Mastertrust, as part of our regular six-yearly review of key service providers.

Missing information and limitations

The trustees have requested full information on charges, administration service standards and the processing of core financial transactions. The investment performance and charges have been provided for the 12-month period to the end March 2021 rather than the scheme year to 5 April 2021. This is because investment managers customarily process costs and charges and report investment performance at quarter-ends in accordance with their funds' mandates.

In addition, the trustees have obtained administration service level information for the 12 months to 31 March 2021. This means that some information is missing (for the period 1 April 2021 to 5 April 2021) and some is outside the period covered by this statement.

The data for the period 1 to 5 April is not deemed to be material and will be covered in the next report and statement.

The trustees have not benchmarked Legal & General's service standards against the standards offered by other major master trusts. Consistent independently sourced data is not readily available to enable the trustees to perform a meaningful analysis. The trustees will consider annually the availability of such data and whether performing such an analysis would provide meaningful results. In the meantime, the trustees will focus on feedback from participating employers.

The following limitations are also noted:

- the trustees acknowledge that at this point, limited data is available on industry-wide comparisons for value for member assessment purposes; and
- there is limited transaction costs data available to provide industry-wide comparisons.

The trustees understand that these two issues currently affect many pension schemes and pension providers and that the amount of comparative information available should improve over the next few years as Chair Statements are published online. The trustees will continue to monitor this with their investment advisers.

The missing information listed above means that the trustees consider that it is not possible to:

- perform an independent assessment of the competitiveness of Legal & General's service standards;
- compare charges against other schemes; and
- compare the funds' transaction costs against other schemes.

The trustees are also conscious that the differing levels of charges between participating employers further complicate assessments of value for members.



Appendix 1

**Statement of Investment Principles
approved on 13 October 2021**

Introduction

As trustees of the above two Mastertrusts, we're responsible for making sure that the investment options they offer are appropriate for the employers who participate in them and ultimately for our members.

To make this Statement of Investment Principles as easy as possible for you to read while also fulfilling our legal and regulatory duties, we've split this document into six sections. These sections cover aspects such as how we select and monitor investments, how we take into account our members' needs and feedback in the investment options we offer.

To simplify the information, we've set out the investment principles for both the Legal & General WorkSave Mastertrust and the Legal & General WorkSave (RAS) Mastertrust in this one document. Therefore, the term 'Mastertrust' is used throughout to refer to both arrangements.

Whether you're an employer or a member, we hope this document gives you clear and helpful information on the principles we apply in managing the Mastertrust investments.

Background

As the trustees of the Legal & General Mastertrust, we're required by law to prepare this Statement of Investment Principles (SIP) for the default and other investment options we offer to our members. Default arrangements are the investment fund or funds that we've chosen for members who haven't actively selected an investment fund for themselves.

This SIP sets out what we aim to achieve with the investment options we offer and shows how our investment policies guide the way in which members' money is invested. We also cover some technical points to comply with both the law and the guidance set out by The Pensions Regulator. This also includes how we've complied with the climate-related requirements introduced by the Taskforce for Climate Related Financial Disclosures. These are included in the 'for the record' boxes.

This SIP was published to show the position of our investment arrangements as they stood at 2 October 2021 and we issue a separate implementation statement as part of the Mastertrust's annual report and accounts each year, which started from 1 October 2020. This describes how we've followed the principles set out in our SIP in the previous year. Unless indicated otherwise, all the content of this SIP applies to both default and other investment options offered to our members ('non-default arrangements').

To make this Statement more easily readable, we've split the main body of this document into six sections:

1. Investment beliefs
2. The aims and objectives for the default arrangements
3. The aims and objectives for investment options outside the default arrangement
4. Risks and policies
5. Governance and operational framework
6. Who's who? – a summary of all the parties involved in managing or advising the Mastertrust

As well as this Statement, we've produced a [Sole Governance Default Strategies Document](#) which gives you further details on the investment strategies and funds that are currently in place. The Sole Governance Default Strategies Document will be updated when any changes are made to our investment funds or strategies.

We review this Statement every three years, or more frequently if there have been changes to the investment strategy or significant changes to the demographics of the Mastertrust's membership.

For the record (*)

This Statement has been prepared in accordance with:

- Pensions Act 1995
- The Occupational Pension Scheme (Investment) Regulations 2005 as amended by subsequent regulations
- The Occupational Pension Schemes (Charges and Governance) Regulations 2015
- The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes Investment and Disclosure) (Amendment and Modification) Regulations 2018
- The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019

The trustees have taken proper written advice in accordance with their legal obligations under section 36 of the Pensions Act 1995 and consulted Legal and General Resources Limited as the principal employer in the preparation of this Statement of Investment Principles.

1 Investment beliefs

The trustees believe that good governance is crucial in ensuring the best possible outcome for our members. Having strong investment beliefs is a critical part of good governance.

Investment beliefs are informed by what we know about the risks and rewards of investment opportunities and how they contribute to outcomes for members. They are a collection of high-level principles that guide investment decision-making.

The investment beliefs on which the Mastertrust's strategy is based are summarised in the table below:

Timeframe	Our investment horizon should be very long term given that investment risk and return can extend beyond 50 years for some members.
Risk and return balance	There's a link between investment risk and return. Achieving the 'best possible outcome' means that while we may pursue investments with the potential for maximum returns after all costs and charges have been taken into account, we balance this against the risks involved in the investment.
Diversification	Diversification, through investment in a range of sources of return, reduces risk and is therefore important in achieving the 'best possible outcome' in the long run.

Asset allocation	Asset allocation is the main driver of investment returns. Investments in company shares (equities) can be reasonably expected to generate better investment returns relative to fixed income assets over the long term, given their link to economic growth.
Responsible investment	Strong stewardship plays a key role in ensuring the long-term sustainability of an investment and good outcomes for members, this includes incorporating environmental, social and governance matters.
Environmental, social and governance (ESG)	The trustees believe that investments that take into account a range of ESG factors are better able to manage risk and maximise opportunities than those that do not.

We expand further on these beliefs in the following sections:

Investment types

The trustees consider the following asset classes (investment types) as appropriate for the investment of members' pension savings:

- equities (company shares);
- bonds (debt issued by governments or companies); and
- other suitable assets (such as commercial property, listed private equity, real estate investment trusts, and listed infrastructure companies).

The Sole Governance Default Strategies Document sets out how these asset classes are allocated, diversified and balanced in respect of the default arrangements and non-default arrangements.






Expected returns on investments

















The trustees believe that it's important to balance investment risks with the likely long-term returns from different types of assets in which funds invest (taking the funds' costs and charges into account).

In the table below, we show how well each of the major asset classes is expected to deliver returns higher than the rate of inflation over the long term. For example, an asset class with a dark green rating is expected to provide returns comfortably above inflation in the long term.

It also shows how much the asset class is likely to move up and down in the short term. For example, an asset class with a dark red rating is likely to show significant rises and falls in the short term. We refer to this measure as 'volatility'.

Keys to colours in the following table:

Expected long-term return v inflation		Short-term ups and downs
	Returns significantly in excess of inflation	Stable returns
	Returns in excess of inflation	Some short-term ups and downs
	Return slightly above inflation	Frequent ups and downs
	Returns broadly in line with inflation	Meaningful moves up and down
	Returns at or below inflation	Significant moves up and down

Asset class	Expected long-term investment returns relative to inflation	Expected short-term volatility in fund values
Equities (company shares etc.)		
Property (offices, shops, warehouses etc.)		
Multi-asset funds		
'Alternative' assets (infrastructure, private equity etc.)		
Corporate bonds (loan stocks issues by companies etc.)		
Fixed interest government bonds (all stock gilts etc.)		
Index-linked government bonds (UK index linked gilts etc.)		
Cash (and other short-term interest-bearing investments)		

Financially material considerations

The trustees recognise that many members have a long time until their retirement and therefore investment(s) should usually be considered over a period of at least 50 years.

The trustees' long-term focus leads to the belief that for investors, the most effective way of enforcing a strong ESG policy is through responsible ownership and proactive engagement with companies rather than avoiding investment in them. Therefore, in general, a promising investment opportunity should not be automatically excluded from consideration on ESG grounds only.

The trustees recognise that the consideration of financially material considerations, including (but not limited to) ESG factors which include climate risk, are relevant to the development, selection, monitoring and realisation of the Mastertrust's investment options. The trustees have developed their principles on ESG matters which they take into account in the monitoring and selection of investment managers and they expect their investment managers to make decisions and align their stewardship activities and engagement with investee companies, based on the trustees' investment policies. The trustees expect that Legal & General and the Mastertrust's fund managers will have the members' financial interests as a key priority.

Further information on how this is implemented is covered in [section 5](#).

ESG investment beliefs

The Mastertrust's approach factors in the following beliefs about ESG:

1. **Climate change, and its direct and indirect impact, poses a significant macro-economic risk for long-term investors.**
2. **In the long term, investments which consider a range of environmental, social and governance (ESG) factors, including climate change, will likely be more able to manage risk and maximise opportunities without compromising returns.**
3. **Climate risk is a significant risk which should be taken into account to ensure all risks and opportunities are captured in terms of the impact on investments.** The trustees have a separate climate policy and set of climate beliefs which can be viewed [here](#).
4. **Consideration of ESG factors can help to mitigate investment risk.**
The trustees believe that given the long-term nature of pension investments, considering ESG issues is important in managing risks and ensuring an investment's long-term sustainability. Reliable ESG data can provide valuable insight into how well a company is run and what the key emerging risks are for that business.
The trustees recognise that there are currently some limitations in the ability to systematically measure ESG factors and welcome developments in the areas of measuring, monitoring and influencing behaviours in relation to them. For example, while there's a common understanding of what we mean by strong governance and there's both guidance and a code of best practice around it, there are different perspectives as to what should be included under the terms 'environmental' and 'social' in the context of ESG-related policies.
5. **Investment managers should apply ESG considerations across all asset classes where sufficiently reliable ESG data can be sourced.**
The trustees recognise that this is a developing process and that the data managers can provide is currently limited; however, the trustees expect this to improve over time.
6. **The varying timeframes within which the effects of climate change materialise can mean that the risk implications are often sector and region-specific, and ultimately dependent on the type of the portfolio.**
As such, the climate-related risks and opportunities may differ across the default arrangements, depending on asset allocation and stage of retirement journey.
7. **Stewardship of assets is critical.**
The trustees believe that a policy of engagement with companies to manage expectation and encourage change is preferable to a policy of divestment. However, the trustees recognise that there may be circumstances where divestment is appropriate where engagement has not produced the desired impact.

Stewardship

The trustees take their responsibilities as stakeholders seriously and, through their fund managers, seek to improve governance standards within companies to enhance the long-term sustainability of members' pension investments.

The trustees' voting decisions on stocks are delegated to the fund managers. There is an expectation that the managers will exercise that voting power and engage with companies to preserve and enhance long-term value. The fund managers are expected to exercise voting rights and use their influence with the interests of the Mastertrust's members in mind, although it's appreciated that the wider investor base of pooled funds will be considered. The trustees expect fund managers to be able to evidence their own governance practices on request. How the trustees monitor stewardship is covered further in [section 5](#).

The trustees have appointed Legal & General Investment Management (LGIM) as their primary asset manager. LGIM's stewardship policies, including its conflict of interest policies can be found here: <https://www.lgim.com/uk/en/capabilities/corporate-governance/stewardship-and-integration/>

Non-financial factors

The trustees recognise that some members will have strong personal views or religious convictions (including ethical views, views on social and environmental impact and present and future quality of life of members and beneficiaries of the Mastertrust) that influence where they believe their savings should or should not be invested.

The trustees continue to conduct periodic surveys to learn more about our members' views on a range of subjects relating to investments, including non-financial factors such as ethical or religious considerations. The trustees aim to bear members' views in mind when reviewing the suitability and selection of the investment options and choice of funds as well as the retention and realisation of investments. However, the trustees won't be bound by members' views. For instance, it may be impractical to try to reflect every viewpoint due to the many different opinions that are likely to exist across the very large membership of our Mastertrust.

In addition to funds which consider the investment risks related to ESG factors, the trustees offer a choice of ethical and faith-based funds for members who are likely to hold stronger views in these areas than the majority of members.

The trustees note that non-financial factors can affect various investment risks for members and these funds may underperform other funds with broader-based investment approaches. The trustees are first and foremost concerned with ensuring members have the best chance at achieving good long-term investment outcomes; as such, it is the trustees' belief that managers should consider the investment case ahead of non-financial factors in the selection, retention and realisation of investments. Further details on the implementation of governance factors are considered in [section 5](#).

Asset managers' policy

The trustees invest Mastertrust assets in pooled funds via an investment platform operated by Legal & General Assurance Society Limited. The trustees have appointed LGIM as their primary asset manager to make day-to-day investment decisions in relation to the pooled funds. LGIM appoints underlying asset managers to make decisions in respect of certain elements of some portfolios it manages. In addition, members may access external fund managers on the platform for some of the funds. The day-to-day management and monitoring of portfolio costs is delegated to the investment managers, as is the level of turnover within the portfolios. The trustees, with the help of their investment adviser, will periodically consider these factors, among others, when they review a fund or strategy to ensure they remain appropriate.

The trustees do not expect investment managers to take excessive short-term risk and will monitor the investment manager's performance against the benchmarks and objectives on a short, medium and long terms basis.

When selecting actively managed funds, the trustees will consider, with the help of their investment advisers, the expected level of turnover commensurate with a fund's investment objectives, the investment manager's investment processes and the nature of the fund's assets.

Whilst the trustees expect performance to be delivered net of costs, including the costs of trading within the portfolio, the trustees will ask the investment platform provider or investment managers on the platform to report on at least an annual basis the underlying assets held within fund with details of any transactions and turnover costs incurred over the Scheme's reporting year.

The trustees invest some assets with external fund managers. LGIM conducts due diligence prior to adding new funds to their platform and on an ongoing basis, including a questionnaire exploring the fund managers' approach to matters including their ESG policies.

The trustees have policies in place with their asset managers, which govern the trustees' relationship with the asset manager, including specifics around managers' remuneration, performance, strategy, approach to engagement with investee companies and integration of the trustees' investment policies including their climate policy into their decision-making.

The policies incentivise those managers to:

- (a) align their investment strategy and decisions with the trustees' policies as set out in this statement;
- (b) make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer or debt or equity; and
- (c) engage with issuers of debt or equity to improve their performance in the medium to long-term.

This is achieved in the following ways:

- (i) Asset managers are paid based on a percentage of assets under management. This incentivises an alignment of interests with the ultimate goal of the trustees, that of the best member outcomes achieved through positive long-term performance.
- (ii) In addition, no contract with asset managers is under a fixed term and asset managers can be replaced if at any point the trustees and their investment adviser believe they are not acting in members' best interests.
- (iii) The primary asset manager is made aware of the trustees' investment objectives, strategy and approach to ESG and other financially material considerations to ensure that they are accurately reflected. The trustees review LGIM's investment strategy and approach (as the primary asset manager) to ensure they are aligned with their own. Among other factors, this review considers beliefs, processes and investment horizon, to ensure that LGIM remains a suitable primary investment manager.
- (iv) Investment performance and continued appropriateness for the default options are monitored and evaluated at least quarterly and reviewed in more depth at least annually by the investment adviser on behalf of the trustees. This ensures that performance and strategy is in line with the trustees' policies and expectations and offered at a suitable cost level. Other factors taken into account by the review include, but are not limited to, whether the defaults continue to reflect members' beliefs and requirements as the trustees understand these to be, and whether alternative products are available in the wider market that might suit members better.

The trustees are comfortable that LGIM takes the issues of responsible investing seriously and that its beliefs in how to make decisions based on medium to long-term financial and non-financial performance of companies are aligned with those of the trustees.

LGIM's policies on corporate governance and responsible investment can be found here: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-global-corporate-governance-and-responsible-investment-principles.pdf.

2 Aims and objectives for the default arrangements

The Mastertrust has default arrangements which are designed to allow members who don't want, or don't feel able, to make their own decisions on their investments to have an appropriate place for their pension contributions to be invested.

Why do we have default arrangements?

As well as believing that it's helpful for members, the trustees are required by law to have default investment arrangements for the Mastertrust. This is because:

- the Mastertrust is a qualifying scheme for auto-enrolment purposes so it must have default arrangements;
- we believe it should be easy for someone to become a member of the Mastertrust and start building retirement benefits without the need to make any investment decisions; and
- we believe that a majority of the Mastertrust's members are expected to have broadly similar investment needs.

The default arrangement for your employer will depend on the governance model they have selected.

When an employer decides to offer its pension arrangement through the Mastertrust, it will select one of two governance models depending on how involved it wants to be in the running of its pension scheme, and in particular, the setting of the investment strategy.

Sole governance

Your employer delegates all the fiduciary and governance responsibilities to the Mastertrust trustees. For example, the design of the default arrangement and other investment funds. Under sole governance there is a choice of pre-designed investment strategies. In addition, upon request, the Mastertrust trustees will also consider the creation of a bespoke default under their 'sole flexibility' policy using a pre-approved range of funds. The trustees' independent investment adviser reviews the default investment strategies and their ongoing appropriateness for members at least every three years.

Shared governance

Your employer is actively involved in the pensions arrangement and takes investment advice, both initially and on an ongoing basis, from its own adviser. It reviews its tailored investment strategy and its ongoing appropriateness to its membership at least every three years. The employers are expected to take into account and align with key principles laid out in the Mastertrust SIP. The trustees approve the investment strategy and any changes to it. The ongoing fiduciary responsibility remains with the Mastertrust trustees.

In addition to the above accumulation models, the Mastertrust offers an At-retirement solution for members and employers and a section that accepts deferred members only:

At-retirement

The At-retirement section of the Mastertrust offers an appropriate vehicle for members to invest into at the point of, and following, their retirement. It's also available to members of other occupational pension schemes which offer their members a suitable post-retirement vehicle.

Deferred liability

This section is for deferred members, transferred in from own trust arrangements with no on-going participating employer. As standard the default arrangements will be the pre-designed investment strategies under the sole governance model. The Mastertrust trustees will approve an alternative strategy if they think it in the best interest of members and review them on a regular and ongoing basis according to the sole governance principles.

Objectives for the default arrangements for the sole governance model

The main objective of the default arrangements for the sole governance model is to help deliver good member outcomes at retirement. The defaults for the sole governance model currently invest in a wide range of asset classes. You can find full details of the current default arrangements, including asset allocation, in the Sole Governance Default Strategies Document.

To achieve their objective, the trustees believe that it's in the interests of the majority of members to offer default arrangements which:

- manage the main investment risks members face during their membership of the Mastertrust;
- target a long-term investment return above the rate of inflation while taking a level of risk which is considered appropriate for the majority of members who do not make investment choices;
- reflect members' likely benefit choices at retirement; and
- provide good value for members given that they pay the investment costs within the Mastertrust.

The trustees have agreed that any funds used within the default arrangement and more widely within the Mastertrust should be among the 'best of breed' within their asset class or compared with their peers. This means that the manager who provides the fund or funds within the default arrangement will be a well-resourced and stable asset manager with a reputation for being consistently good over a long period of time in the fund's sector or asset class.

A good manager will meet expectations in terms of long-term track record and/or confidence and ability in controlling risk and delivering return. The manager should have robust operational capability and provide outstanding service, allied with competitive costs and charges.

The levels of investment return that we expect to see after charges are removed, and the risks for the funds used in the default arrangement, are consistent with the trustees' objectives. You can find out more about expected investment returns and our approach to managing investment risks, including financially material considerations in [section 4](#).

The trustees regularly review the ESG and stewardship policies of the default arrangements to ensure that they're aligned with the trustees' own policies, which in turn are informed but not bound by the trustees' best understanding of the membership's belief, to the extent that this is possible. Where there is noticeable misalignment, the trustees question, and, where necessary, exert pressure on the manager or consider the continued appropriateness of the fund or funds.

Overview of default arrangements for the sole governance model

Employers under the sole governance model have a choice of four pre-approved default arrangements that they can choose from. These are:

Target Date Funds previously known as Pathway Funds – These enable groups of pension savers that are all targeting a similar retirement date to save together in a single investment fund. The mix of assets within the fund changes over time to reflect the needs of scheme members as they approach and go beyond their target retirement date. They aim to generate a return above the rate of inflation while members are a relatively long way from retirement and then gradually reduce 'risk' (the short-term ups and downs in value of the pension pot) as they get nearer to when they expect to retire. Target Date Funds are constructed in five-year date periods, each beginning and ending at the start of July, and members' savings are invested in the fund that matches most closely when they expect to retire. Therefore, a member with target retirement date of 2048, for example, will be defaulted into the 2045-2050 Target Date Fund. Legal & General changed the name of these funds in 2021 at our request, to avoid confusion with investment pathways.

The Multi-Asset Fund – The investment objective of the fund is to provide long-term investment growth through exposure to a wide range of asset classes at a risk level that's suitable for a member of any age. The Multi-Asset Fund mostly puts money into investments which aim to track market performance. The trustees believe this 'one size fits all fund' is suitable for members who don't yet know how they wish to access their retirement savings.

Future World Multi-Asset Fund – Some employers may wish to offer members a default arrangement that takes a positive stance towards matters that affect the environment, the way people are treated, and the way organisations are run. These are generally known as environment, social and governance factors or ESG for short. To accommodate this, the trustees offer the option of the Future World Multi-Asset Fund. The investment objective of the fund is to provide long-term investment growth through exposure to a wide range of asset classes while reflecting significant ESG considerations in the fund's investment strategy. The fund invests mostly through funds which aim to track market performance with the exposure to stocks and bonds influenced by the ESG scores of eligible stocks and bonds. Where an ESG approach is not likely to be feasible or meaningful, the fund uses traditional index funds to gain exposure to the asset class. The employer will choose the fund or funds or lifestyle strategy that they believe are most appropriate for their members.

The Drawdown Lifestyle – This strategy invests in a wide range of assets throughout a member's career with the aim of generating a return above the rate of inflation while members are still a relatively long time away from their retirement. It then reduces 'risk' (the short-term ups and downs in value of the pension pot) three years before the member's selected retirement date. The trustees believe that the fund used in the last three years of the strategy is suitable for members who intend to leave their pension pot invested through their retirement and opt to draw their money down flexibly after retirement, a practice known as 'income drawdown'. The key difference between this strategy and the Target Date Funds for the sole governance model is that risk is reduced in the three years leading up to a member's selected retirement date.

For the record

Cash Fund – As explained above, under the sole governance model, employers can select one of the four defaults for their employees. There is an additional default fund, the Cash Fund Default, which the trustees oversee in the same manner as the other four, but which isn't available for the employer to select for their employees. The Cash Fund falls within the definition of a default fund because members' contributions may be re-directed to it without their consent. For example, if members' self-selected choice of

funds, such as property funds, have been suspended, their contributions may be diverted to this Cash Fund Default. The Cash Fund will be treated as a default and overseen by the trustees accordingly, regardless of whether it is receiving active contributions. You may see further references to cash funds in the Sole Governance Default Strategies Document. This is because the Legal & General PMC Cash Fund 3 features in different investment strategies. The Cash Fund Default is a ring-fenced section within the Legal & General PMC Cash Fund 3.

Objectives for the default arrangements for the shared governance model

Under the shared governance model, the investment strategy for both the default strategy and the self-select funds is determined by the employer's own independent investment adviser, prior to being reviewed by the Mastertrust investment adviser and approved by the trustees.

The main objective of the default arrangements in the shared governance model is to help deliver good outcomes for members at retirement specific to the employer's membership.

In the shared governance model, we expect participating employers to take into account a range of criteria which reflect those that the trustees use under the sole governance model as outlined above. We also expect them to review any feedback they've received in relation to their members' views on pension investments.

Any employer-designed strategies under the shared governance model are presented to the Mastertrust trustees and require our approval before they're introduced. We also require participating employers who design their own investment strategy to review this with their own investment adviser at least every three years or when there are any significant changes to the membership. Any changes must be agreed with the Mastertrust trustees who may receive advice from their own investment adviser regarding any proposed strategy.

Deferred liability

Employers or trustees who manage own trust arrangements sometimes seek to transfer pension pots for their deferred members into the Mastertrust. Under these arrangements there's no requirement for the employer to participate in the Mastertrust on an on-going basis.

Typically, the employer or ceding trustees will select one of the sole governance defaults for their deferred members. However, there are some scenarios where the Mastertrust trustees oversee default arrangements under the sole governance model that differ to

the pre-designed investment strategies available for employers to select. The Mastertrust trustees will approve these strategies if they think they're in the best interest of members and review them on a regular and ongoing basis according to the sole governance principles. The trustees will make changes to these sole governance strategies if they believe they are no longer in the members' best interests.

At-retirement

This section of the Mastertrust offers its members and members of other trust-based pension schemes with defined contribution benefits (including schemes which also offer defined benefits) the opportunity to join the Mastertrust after the point of retirement. It's intended to meet the needs of:

- members who want to access their pension pots in a way that they can't do in their current pension scheme; and
- trustees of other occupational pension schemes seeking to provide their members with access to a post-retirement solution that's designed to mirror their current scheme arrangement.

The Mastertrust can accept applications directly from members and there's no requirement for employers to formally participate in the Mastertrust by way of a deed. A simple service agreement between an employer and/or the trustees and Legal & General Resources Limited is all that's needed before members apply to join.

The At-retirement section of the Mastertrust does not have a regulatory default but instead offers 'Investment Pathways' as the initial investment option for taking drawdown.

A single fund has been selected as a 'default' for members who do not take drawdown but instead take partial uncrystallised funds pension lump sums (UFPLS).

Details of these arrangements can be found in the Sole Governance Default Strategies Document.

Some employers choose to offer bespoke investments for members under this proposition and can do so on completion of an investment protocol that requires them to follow the same governance as under the shared governance model. This means they have to review their investment strategy with their own investment adviser at least every three years or when there are any significant changes to the membership. Any changes must be agreed with the Mastertrust trustees who will receive advice from their own investment adviser.

3 Aims and objectives for investment options outside the default arrangement

As well as the default arrangements for the different governance models above, the Mastertrust offers members a choice of self-select investment options. In designing this 'self-select' fund range, the trustees take into account aspects such as members' likely pot sizes at retirement, how members are likely to access their pension pots at retirement, different levels of investment risk, and members' likely demand for specialist funds. In particular, in creating a suitable fund range, certain considerations are taken into account:

- While the default arrangement is intended to meet the needs of a majority of the Mastertrust's members, it may not meet the needs of all. The self-select fund range is designed to complement the default arrangement and to be suitable for those members who wish to actively choose their own funds.
- Attitudes to investment risks and the need for investment returns not only vary between members, but also for an individual member during the lifetime of their pension plan. Particularly, as members approach retirement, they will generally have a smaller appetite for risk and the range of funds available to them should reflect this.
- Members have differing investment needs which change during their working lives.
- Some members will want to be able to access faith-based and ethical funds.
- The output from industry and other relevant surveys. For example, surveys on member choice generally suggest that:
 - too little choice is viewed negatively by members;
 - too much choice can prove confusing and deter members from taking action; and
 - some members will not regularly review their choices.

We recognise that the self-select fund range can't be expected to cover all the investment needs of all members.

Within the shared governance model, employers, supported by advice from their own investment advisers, can request a bespoke self-select fund range. However, all funds involved must be approved by the trustees who may take advice from their own investment adviser.

Costs of investment options

It's important to note that some specialist funds may be more costly to invest in than the default fund. Therefore, a balance needs to be struck between choice and costs.

Risk and return

The investment returns we expect to see after charges are taken off and risks for the funds used are consistent with the trustees' objectives for these investment options. The expected investment returns and approach to managing investment risks, including financially material considerations such as climate change, are described in [section 4](#).

Full details of the current investment options are provided in the Sole Governance Default Strategies Document.

4 Risks and policies

Introduction

This section sets out the risks and policies which guide the trustees' decision-making.

Risks

The trustees have developed and maintain a framework for assessing the impact of investment and asset risks on long-term investment returns.

Principal investment risks

The trustees believe there are three principal investment risks that most of our members face. These are set out below along with the actions that we, as trustees, take to mitigate these risks:

Risk	What is this?	What do the trustees do to mitigate this risk?
Inflation risk	The risk that investment returns over our members' working lives may not sufficiently exceed inflation and, as a result, may not produce adequate retirement benefits.	Within our selectable default arrangements, members are invested in funds that are expected to produce returns well in excess of inflation over the long term. There are funds under the self-select fund range which have been made available to provide specific investment options to members which may not exceed inflation, for example the L&G PMC Cash Fund 3.
Converting pension pots into an income in retirement	The risk that members' asset allocation just before their selected retirement dates is not aligned with their retirement plans and will increase the cost of turning their pension pots into an income in retirement.	At the point of retirement, members can invest in a broad selection of investments which are designed to be suitable for members who wish to access their pension flexibly after retirement. We recognise that not all members will do this and therefore we also offer members the choice of taking 100% of their pension pot in cash, or 75% in bonds and 25% in cash at the point of retirement for those wishing to buy a guaranteed income for life (called an 'annuity')
Market risk	The risk that members' pension pots will fall in value at any point during their membership, especially as they approach retirement when there's less time to recoup losses.	Our default arrangements use a mix of higher and lower risk assets and we seek to manage the risk of large falls in markets just before a member's selected retirement date. The self-select fund range offers options with different levels of return and risk that members can choose from.

Other investment risks

The trustees believe that members may face other investment risks:

Risk	What is this?	What do the trustees do to mitigate this risk?
Active management risk	The risk that an actively managed fund (where a manager chooses specific stocks or investments with the aim of beating a pre-determined target) may not meet its target in the medium to long-term. This is often known as stock selection risk.	The trustees monitor the performance of all actively managed funds as well as any other relevant changes affecting the fund manager, on a quarterly basis. Most of the funds offered by the Mastertrust are index-tracking funds where there is no stock selection risk.
Concentration Risk	The risk that a member will be overexposed to a single asset class, stock, issuer, geography, currency or other source of risk.	Within the default options this risk is managed through strategies that are suitably diversified. Members wishing to increase exposure to certain factors may self-select to if they desire through the self-select range that has been made available to them.
Counterparty risk	Also referred to as reinsurance credit risk, this is the probability that the other party in an investment may not fulfil its part of the deal and may default on the contractual obligations. Depending on the fund selections made by members, some of the assets held by PMC are invested with external providers outside the Legal & General Group. When one insurance company (LGAS) invests its assets with another (PMC), this is known as reinsurance. This reinsurance arrangement has its own rules and impacts members' rights to claim compensation.	Where applicable, this is highlighted as a fund specific risk included with the fund literature.
Currency risk	The risk that the value of the British pound sterling changes against foreign currencies, affecting the returns on funds.	Some fund managers consider currency exposure as a source of returns although it could increase the volatility of returns. The trustees consider the way in which the protection against currency fluctuations is managed for the sole governance range on a fund by fund basis.
Interest rate and default risk	The risk that changes in interest rates in the UK and/or abroad will affect the value of bond holdings, and the risk that there may be companies or governments which fail to pay the agreed interest on the bonds and/or repay the capital.	The default arrangements invest in a range of asset classes and the self-select fund range offers members a wide choice of funds. Most of the bond funds offered are index-tracking and hence, investments are spread across many different bonds.

Risk	What is this?	What do the trustees do to mitigate this risk?
Liquidity risk	The risk that the assets within the funds that members hold cannot be bought or sold when members wish to invest or disinvest.	There is no investment directly in individual stocks, bonds or any other assets. Members' pension savings are invested in daily priced pooled funds only. The trustees make best endeavours to ensure that all funds fulfil the legal requirements for liquidity (assets readily available to be bought and sold) and avoid offering funds that hold assets that by design can't be readily traded. It's acknowledged that property funds could encounter some liquidity issues in abnormal market conditions.
Suspension risk	The risk that assets within the funds cease to trade as a result of market conditions.	The trustees have implemented a Cash Fund Default as a low risk, 'liquid' option (one that's backed by assets that are readily-available to be traded) in which to invest self-select members' future contributions if any funds such as property funds, cease to trade due to market conditions or otherwise.
ESG risks	The extent to which ESG issues are not reflected in asset prices and/or not considered in investment decision-making, leading to underperformance relative to expectations.	The trustees have a clear set of ESG beliefs, as set out in this document and their separate climate policy , which are reflected in the funds they choose to offer to members.
Climate change risk	The extent to which climate change causes a major fall in asset values because of factors including, but not limited to, policy change, physical impacts and the expected transition to a low-carbon economy. This includes the extent to which investment decisions made by the trustees, as an asset owner, could play a role in influencing climate outcomes when combined with the actions of other asset owners.	The trustees' ESG beliefs cover climate change risk and they receive regular training on the possible long-term impacts on the funds offered to members.
Changes in law/regulation	Changes in government policy or the tax regime may impact on certain sectors of the economy or on pension schemes and, hence, the appropriateness of investment strategies.	The trustees' advisers keep us informed of any changes in the law and regulations that may affect the appropriateness of our investment strategies for members.

Security of assets

The funds we offer to members are provided through a policy of insurance issued to the trustees by Legal & General. As a result, the value of members' funds may be affected in the event of the provider getting into financial difficulties.

The trustees have considered in detail the financial strength of Legal & General and believe that it offers members a high degree of security. This position will be reviewed at least annually by the Governance, Risk and Audit Committee. As part of the process to become an authorised master trust, Legal & General had to fulfil very stringent requirements including its financial sustainability. The Mastertrust is now fully authorised and subject to ongoing supervision by The Pensions Regulator.

The underlying funds offered on the provider's platform are managed within a variety of different investment structures and by a range of different fund managers. In the event of a fund manager getting into financial difficulties, the values in these underlying funds will depend on the nature of the contract between Legal & General and the fund manager. The trustees have reviewed the structure of the funds that we offer to members and are comfortable that the structure is appropriate when compared with other options available in the market.

As noted above, the Mastertrust only invests in funds offered through policies of insurance with Legal & General. These unit-linked funds have to meet the regulatory 'permitted links rules' which control the risk and quality characteristics of the funds. In practice, this means investments are generally made in mainstream assets such as bonds, and listed equities traded on recognised and regulated stock exchanges and markets, and there is limited use of derivatives (something which gets its value from an underlying source) and leverage (the use of borrowed money to finance the purchase of assets).

Funds are held in pooled funds through a policy of insurance with a reputable insurer and members are afforded Financial Services Compensation Scheme ('FSCS') protection*. The valuations are reflected in the audited pooled funds which reflect the daily priced underlying securities.

* The FSCS has not made any pay-outs for asset managers or insurers and will not state the conditions under which pay-outs will be made. However, legislation requires a 100% pay-out in the case of insolvency of an insurer. In any case the assets and liabilities of the insurer are ring-fenced to provide protection for members.

5 Governance and operational framework

Investment horizon

The Mastertrust is open to new members from age 16 on a voluntary basis. As a result, given the likelihood of increases in retirement ages in the future, investment risks need to be considered over a time horizon exceeding 50 years.

Implementation

The Mastertrust uses pooled funds offered through the Legal & General platform. This means that the trustees cannot adopt an approach to managing financially material considerations specific to the Mastertrust. The trustees nevertheless seek to manage financially material considerations to protect long-term returns by:

- choosing fund managers that have clearly articulated policies for managing financially material considerations (including climate change) for the selection, retention and realisation of investments;
- considering the extent to which ESG issues, including climate risk where relevant, are integrated in the fund managers' investment processes;
- expecting the fund managers for actively managed funds (where the fund manager decides where to invest) to take financially material considerations into account when selecting which companies and markets to invest in;
- recognising that for index-tracking funds, the funds' objectives are to deliver returns in line with their benchmarks which may or may not take into account ESG factors;
- expecting fund managers for all funds to engage with companies in which the fund manager invests to encourage business strategies and governance frameworks which should improve or protect the value of those investments; and
- preferring fund managers who are signatories to the Financial Reporting Council's Stewardship Code in the UK and the United Nations supported Principles for Responsible Investment.

The trustees have made available to members within the sole governance model and within the self-select fund range, an ESG-based multi-asset fund which systematically incorporates ESG factors when allocating investment to debt and equities issued by companies.

Delegation of investment decisions

As we highlighted above, the Mastertrust uses funds provided through an investment platform. This means that the trustees have delegated day-to-day investment decisions, including the management of financially material considerations, to the fund managers of the chosen funds.

Realisation of investments

The trustees expect that the investment platform provider and the fund managers will normally be able to sell the funds within a reasonable timescale. There may, however, be occasions in some market conditions where the investment platform or fund managers need to impose restrictions on the timing of sales and purchases of funds (most notably for funds investing in property) to protect the interests of all investors in that fund.

Nevertheless, the trustees recognise that most members' pension pots have a long investment timeframe during which assets which are less easily traded, such as property or infrastructure, can be managed to deliver good long-term returns while avoiding the impact of liquidity issues at retirement.

Monitoring

The trustees are responsible for monitoring the appropriateness and performance of the default arrangement and other funds on a regular basis. We've outlined below the areas that we monitor, how we do this and how often.

Funds

The trustees monitor the performance of funds offered to members in terms of both returns and risk, against the agreed or appropriate performance objectives. The performance is reviewed net of all costs including transaction costs, which means that the trustees can see if the funds are meeting their objectives, taking into consideration explicit costs. This is to ensure that they remain fit to deliver the expected return or the risk management objective of the investments.

Funds are monitored on a quarterly basis with a formal review taking place of each investment fund annually. Our investment adviser informs us of any changes to the way funds are managed and any other relevant news or issues (such as changes to the teams managing funds, unexpectedly high costs, large outflows of cash) on a timely basis following the change.

As the Mastertrust invests in insured pooled funds only, the fund managers are responsible for appointing custodians (firms which ensure the safe-keeping of the Mastertrust's assets) for the funds they are managing on behalf of all investors in their funds. The trustees recognise their role in engaging with their managers on this topic.

The trustees monitor the extent to which fund managers have taken into account financially material considerations in the selection, retention and realisation of investments. This forms part of the manager review process conducted by the trustees' investment adviser to ensure fund managers adhere to their ESG and engagement policies (including their policies on climate related risks and opportunities) including the exercise of voting rights.

Default arrangements

An in-depth review of the default arrangements within the sole governance models is conducted every year. Under the shared governance model, confirmation is required from the participating employers that their own investment advisers have carried out a three-yearly review. The trustees' investment adviser may also be asked to review shared governance default funds as and when deemed necessary.

If the trustees aren't satisfied with a fund, they will instruct the investment adviser to find possible alternatives. In replacing any fund, the trustees take into account the transition cost to members of switching to the new fund and seek to minimise these costs.

Charges and transaction costs

The trustees have a responsibility to make sure that charges and transaction costs incurred by members are reasonable and represent good value for money. We review these costs on all default funds (and the individual underlying funds, if relevant), as well as the self-select fund range at least once a year.

In addition, the trustees expect Legal & General to monitor compliance with the charge cap for auto-enrolment purposes no less frequently than quarterly, and the trustees monitor compliance based on this information.

Employer-related investments

There is no direct employer-related investment in relation to the principal and participating employers. The funds which are made available by the trustees for members of the Mastertrust to invest in may have underlying investments in securities of those participant employers which are quoted on the relevant stock exchanges.

It's impractical to estimate the percentage of such indirect employer-related investments due to the number of funds and employers in the Mastertrust. Every year the trustees obtain an analysis of the underlying securities in the top 15 funds which account for 95% of the Mastertrust's net assets and check that there are no employer-related investments exceeding 5% of the Mastertrust's assets.

Stewardship - engagement

The trustees do not directly select companies for investment or give stock level guidance to fund managers. Neither do they directly liaise with, or give guidance to, their asset managers to engage with specific companies for investment (such as issuers of debt or equity) or other stakeholders including other holders of debt or equity. The trustees therefore delegate to their investment manager responsibilities including, but not limited to, engagement with any and all relevant parties connected with investments and the monitoring of the capital structure, risks, social and environmental impact and governance structure of the companies in which they invest. The trustees have shared their beliefs with the primary investment manager and retain them with an understanding that their interests and beliefs are aligned.

However, the trustees monitor their asset managers by regularly reviewing the voting and engagement policies of their fund managers. They receive regular reports from managers on their voting records to ensure that:

- the managers are acting in the best interests of members;
- the managers' voting practices reflect the trustees' approach to voting across all asset classes;
- the managers' definition of significant vote aligns with the trustees' approach to voting; and
- the managers' engagement with, and assessment of, investee companies is aligned with the trustees' investment policies.

The trustees meet the Mastertrust's largest fund managers annually to discuss how they are engaging with companies and other relevant parties, including other stakeholders or other holders of debt or equity and to consider the results of this activity. This also allows the trustees to understand developments in this part of the market that may provide opportunities for members in the future.

Managing conflicts of interest

The trustees avoid potential or actual conflicts of interest both with engagement and other parties with an interest in companies in which they invest by deferring the direct engagement to the investment managers. The trustees, with the help of their investment adviser, review the investment managers regularly to ensure that they continue to believe they are appropriate for investing members' funds in. As the primary asset manager, the trustees have reviewed the relevant policies of Legal & General Investment Management (LGIM) and have confirmed that they are comfortable that these are both adequate and suitable.

Industry developments

The trustees want to ensure that they offer a fund range that's among the best in relation to the current market background. They also aim to keep abreast of industry developments in relation to new strategies and funds that become available for investment. The trustees receive regular updates from our investment adviser on market and fund developments.

Reporting

The trustees arrange for the preparation of:

- the Mastertrust's audited Annual Report and Accounts (which includes the Annual Governance Statement);
- the Annual Governance Statement by the Chair of trustees, describing the Mastertrust's investment costs, value for members and governance during the previous year;
- publication of an extract from the Annual Governance Statement by the Chair of trustees in a publicly searchable location online;
- an annual return to The Pensions Regulator; and
- an annual Implementation Statement (starting from October 2020) describing how the trustees have complied with the terms of this Statement of Investment Principles.

The trustees advise the participating employers of any changes to the Statement of Investment Principles.

The trustees also make available, through the platform provider, information to members including fund fact sheets which detail the asset mix of funds and the performance against benchmarks. These are available online for members to view and are updated on a quarterly basis. The trustees also report to members through the Annual Governance Statement by the Chair of trustees on the progress of investments (including performance) and the ongoing suitability of the default arrangements.

Exercising the trustees' powers

The trustees will always act in the interests of the members.

The trustees delegate the day-to-day work on the Mastertrust's administration and investments. The current service providers to the Mastertrust together with how they are paid is set out in [section 6](#) of this document.

Conflicts of interest

In the event of a conflict of interests, the trustees will ensure that contributions are invested in the sole interests of members and beneficiaries.

General

The trustees' approach to investment governance complies with the provisions of the Mastertrust's Trust Deed and Rules as well as legislative requirements.

The Mastertrust's investment governance is also intended to meet the expectations set out in The Pensions Regulator's 2016 Code of Practice 13.

6 Who's who and what do they do for the Mastertrust?

The table below shows the key players involved in the successful running of the Mastertrust and describes the roles they play. It also shows how they are paid.

Service provided	What do they do?	Who provides this to the Mastertrust?	How are they paid?
Mastertrust trustees	The role of the trustees is to make sure the Mastertrust is well run, that it meets all its legal and regulatory requirements and is run in accordance with its rules and in the best interests of our members.	<p>The Trustee Board is made up of four corporate trustees:</p> <p>Legal & General Trustees Limited</p> <p>The Law Debenture Pension Trust Corporation plc</p> <p>2020 Trustee Services Limited PLC</p> <p>BESTrustees Limited</p>	<p>There are currently five trustees on the Trustee Board, two of whom serve in that role in their capacity as directors of Legal & General Trustees Limited.</p> <p>The directors of Legal & General Trustees Limited are paid a fixed fee for carrying out their duties.</p> <p>Fee agreements are in place with the three independent trustee firms which are made up of fixed and variable fee elements.</p> <p>You can find details of the members of the Trustee Board at www.legalandgeneral.com/mastertrust</p>
Principle fund manager	The principal firm that manages the investment of funds' assets. Decisions on the day-to-day management of the funds are delegated to the fund managers.	Legal & General Investment Management (LGIM)	Percentage of fund value included within funds' charges.
External fund managers	The external firms that manage the investment of funds' assets. Decisions on the day-to-day management of the funds are delegated to the fund managers.	A variety of managers - these are outlined in the Sole Governance Default Strategies Document.	Percentage of fund value included within funds' charges.
Pension administrator (administration platform)	The firm that carries out the day-to-day administration for the Mastertrust, including investing contributions and managing switches between funds.	Legal & General Assurance Services (LGAS)	Percentage of fund value included within funds' charges.
Investment platform provider	This is the structure through which the Mastertrust's investment funds are offered to members.	Legal & General Assurance (Pensions Management) Limited (PMC)	Percentage of fund value included within funds' charges.
Auditor	The firm that carries out independent checks on the Mastertrust's report and accounts.	KPMG LLP	Fixed fee.
Investment adviser	The firm that advises the trustees on appropriate investment funds and strategies for members.	Hymans Robertson LLP	As periodically agreed.
Legal advisers	The firm that provides legal advice to the trustees.	Pinsent Masons	Time cost fees.

For the record

The trustees obtain and consider proper advice from suitably experienced and qualified people when choosing investments and preparing the Statement of Investment Principles.

Funds are chosen by the trustees to give an expected level of return with an appropriate level of investment risk which meets the objectives of each default arrangement and other investment options.

The funds in the default arrangement are intended to deliver good member outcomes at retirement from an appropriate balance of investment growth relative to inflation, and any pertinent investment risks.

The investment platform uses a life insurance company-based legal vehicle for its funds. The fund managers used by the platform use a variety of different legal vehicles for their funds. The funds may invest in quoted and unquoted securities traded in regulated UK and overseas markets:

- Equities (company shares)
- Fixed interest and index-linked bonds issued by governments and companies
- Cash and other short-term interest-bearing deposits
- Commercial and residential property
- Illiquid assets including infrastructure, forestry, private equity and private debt
- Commodities through collective investment vehicles
- Derivatives to facilitate changes in where funds are invested or to help control investment risks

Funds provided through a life insurance company must comply with the Financial Conduct Authority ('FCA') 'Permitted Links' rules, which place limits on the degree of leverage a fund can use. Fund managers using other fund vehicles subject to the European 'UCITS IV' and the FCA's 'Non-UCITS' regulations must meet requirements on the security and concentrations of assets. Exchange Traded Funds may be used directly or indirectly to gain access to less easily traded and illiquid asset classes.

Subject to the funds' benchmarks and guidelines, the fund managers are given full discretion over the choice of securities and, for multi-asset funds, choice of asset classes. Fund managers are expected to maintain well-diversified and suitably liquid portfolios of investments.



Appendix 2

Investment returns

Investment returns – sole governance sections

The tables below show the one-year and annualised three-year returns, along with their respective performance deviation against the relevant benchmark/comparator, of all funds available to members of the sole governance sections for the year to 31 March 2021.

	1 year performance		3 year annualised performance		
Fund Name	Return	Relative Performance	Return	Relative Performance	Active/ Passive
Sole governance default funds					
L&G PMC 2015 - 2020 Target Date Fund 3	9.18	5.79	3.97	1.09	Active
L&G PMC 2020 - 2025 Target Date Fund 3	12.79	3.12	5.27	0.99	Active
L&G PMC 2025 - 2030 Target Date Fund 3	18.23	-2.83	6.57	0.79	Active
L&G PMC 2030 - 2035 Target Date Fund 3	20.44	-4.64	6.9	0.64	Active
L&G PMC 2035 - 2040 Target Date Fund 3	20.44	-4.64	6.9	0.64	Active
L&G PMC 2040 - 2045 Target Date Fund 3	21.04	-4.71	6.85	0.47	Active
L&G PMC 2045 - 2050 Target Date Fund 3	23.83	-4.82	7.43	0.33	Active
L&G PMC 2050 - 2055 Target Date Fund 3	25.22	-4.73	7.61	0.09	Active
L&G PMC 2055 - 2060 Target Date Fund 3	25.41	-4.73	7.23	-0.39	Active
L&G PMC 2060 - 2065 Target Date Fund 3	25.41	-4.73	7.26	-0.39	Active
L&G PMC 2065 - 2070 Target Date Fund 3	25.4	-4.73	7.26	-0.4	Active
L&G PMC Multi-Asset 3	20.88	-4.3	7.03	0.72	Active
L&G PMC Future World Multi-Asset 3	20.42	-4.54	N/A	N/A	Active
L&G PMC Retirement Inc Multi-Asset 3	15.46	12.47	5.74	2.01	Active
L&G PMC Cash 3 #	0.09	0.15	0.49	0.21	Active
Self-select funds					
L&G PMC Ethical Global Equity Index 3	36.39	-0.17	14.6	-0.06	Passive
L&G PMC HSBC Islamic Global Equity Index 3	35.42	-0.53	20.39	-0.1	Passive
L&G PMC Pre-Retirement 3	2.92	-0.33	4.53	0.01	Passive
L&G PMC Sustainable Property Fund 3 #	10.57	12.54	4.78	5.32	Active
L&G PMC UK Equity Index 3	28.6	0.13	3.67	0.07	Passive
L&G PMC World (Ex-UK) Equity Index 3	39.06	-0.01	14.53	0.05	Passive

Fund Name	1 year performance		3 year annualised performance		Active/ Passive
	Return	Relative Performance	Return	Relative Performance	
L&G MT Active Diversified Growth	19.09	15.97	7.49	3.97	Active
L&G MT Emerging Markets Index Fund	40.25	0.06	7.41	0.05	Passive
L&G PMC Future World 3	36.08	-0.13	11.86	0	Active
L&G PMC Global Real Estate Eqty Index 3	21.8	-0.11	N/A	N/A	Passive
L&G MT Short Dated Bond Index Fund	6.92	-1.1	2.82	0.02	Passive
L&G MT Smaller Comp Index Fund	61.02	-0.04	13.22	0.22	Passive
L&G PMC Janus Henderson Fixed Int Monthly Income 3 #	15.75	3.09	5.83	1.68	Active
L&G MT Global Developed Equity Index Fund	37.88	-0.01	14.1	0.04	Passive
L&G PMC Threadneedle Managed Equity 3 #	33.32	4.02	10.91	3.90	Active
Self-select funds no longer available for selection					
L&G PMC AAA-AA-A Corp Bond All Stock Index 3	5.71	-0.23	3.6	0.07	Passive
L&G PMC Consensus Index 3	21.87	-0.53	7.47	N/A	Passive
L&G PMC Global Equity Fixed Weights 50:50 Index 3	33.19	0.03	8.07	0.08	Passive
L&G PMC Over 15 Year Gilts Index 3	-10.65	-0.01	3.53	0	Passive

Notes:

- The figures shown for a fund under the 'performance' column represents the return on your investment in that fund for the year ended Wednesday 31 March 2021. This performance figure is calculated using actual 'dealing prices' at the start and end of the period. Dealing prices are net of all fund charges and transaction costs.

Dealing takes place for our members in all the funds on a daily basis. One price is quoted for the funds each day at which all dealing takes place (called the 'dealing price'). This means there is no difference between the selling price and the buying price for our members on any given day. It is important that we protect existing holders of the funds and so the price on any day will reflect whether there is money flowing into or out of the underlying fund (technically, this is known as a 'single swinging unit price'). Because of this, the performance of any fund can be affected by cash-flows into or out of the fund on any individual day and means that, over short-term periods, the fund return may not be directly comparable with the benchmark return. This situation will generally smooth itself out over a longer period of time.

- Every fund has a benchmark. Each fund's benchmark has been selected to allow a meaningful comparison of how well the fund has performed against what it's aiming to do. The benchmark will either be the relevant market index (for example the All Share Index for UK based equity funds) or an appropriate peer group comparison (a comparison against similar funds).

The figures shown for a fund under the 'relative performance' column shows the difference between the performance of the underlying PMC fund and its benchmark or comparator. We want you to see easily how well the assets of the fund have been managed relative to its benchmark or comparator. Therefore, it is important that the comparison is done on a like for like basis. Accordingly, we have used fund mid-prices before any charges and fees (rather than dealing prices) in calculating the relative performance deviation (the only exception is for those funds marked #, where it is more appropriate to use dealing prices). If the 'performance deviation' is positive, this means that it has performed well against the benchmark. If it is negative, the fund has not done as well and has not achieved what it was aiming to do. You should note that some funds are 'index tracking' funds and aim to produce a return in line with the benchmark.

- Where fund returns are not shown, the fund has not been held for the full period.

Source: LGIM.

Investment returns – shared governance sections

The tables below show the one-year and annualised three-year returns, along with their respective performance deviation against the relevant benchmark/comparator, of all funds available to members of their employers shared governance sections for the year to Wednesday 31 March 2021.

Certain participating employers have elected to create 'white labelled' funds which include the name of the employer. In such cases the name of the participating employer has been replaced with an '*'. Members can view the cost and charges information for their respective employer on their employer's dedicated microsite.

Fund Name	1 year performance		3 year annualised performance		Active/ Passive
	Return	Relative Performance	Return	Relative Performance	
* Diversified Fund	15.24	1.28	N/A	N/A	Active
* Annuity Target Fund	3.04	-0.33	4.59	0.01	Passive
* Cash Fund	0.12	0.15	N/A	N/A	Active
* Cash Fund	N/A	N/A	N/A	N/A	Active
* Cash Fund	0.11	0.15	0.5	0.21	Active
* Cash Target Date Fund 2015-20	N/A	N/A	N/A	N/A	Active
* Cash Target Date Fund 2025-30	N/A	N/A	N/A	N/A	Active
* Consulting Bond	-2.32	-0.2	N/A	N/A	Passive
* Corporate Bond Fund	5.84	-0.23	N/A	N/A	Passive
* Corporate Bond Fund	5.84	-0.23	3.69	0.07	Passive
* Diversified Fund	N/A	N/A	N/A	N/A	Active
* Diversified Fund	15.24	1.28	6.36	0.2	Active
* Early Career Fund	N/A	N/A	N/A	N/A	Active
* Equity Fund	40.54	0.04	N/A	N/A	Active
* Equity Fund (Lifestyle)	39.25	-1.91	12.85	-0.27	Passive
* Equity Fund (Lifestyle)	39.25	-1.91	N/A	N/A	Active
* Ethical Fund	36.59	-0.17	14.56	-0.06	Passive
* Growth Fund	31.59	-0.91	N/A	N/A	Active
* Growth Fund	31.58	-0.91	10.92	-0.13	Active
* Index-Linked Gilts Fund	-1.53	0.01	3.43	0.02	Passive
* Islamic Global Equity	N/A	N/A	N/A	N/A	Passive
* Mid Career Fund	N/A	N/A	N/A	N/A	Active

Fund Name	1 year performance		3 year annualised performance		Active/ Passive
	Return	Relative Performance	Return	Relative Performance	
* Multi-Asset Fund	N/A	N/A	N/A	N/A	Active
* Nearly There Bond Fund	6.14	3.2	N/A	N/A	Active
* Nearly There Bond Fund	6.14	3.2	N/A	N/A	Active
* Pre Retirement Fund	N/A	N/A	N/A	N/A	Active
* Property Fund	N/A	N/A	N/A	N/A	Active
* Responsible Investment Equity	N/A	N/A	N/A	N/A	Active
* Shariah Fund	35.51	-0.53	N/A	N/A	Passive
* Shariah Fund	35.42	-0.53	20.39	-0.1	Passive
* Target Date Fund 2015-20	N/A	N/A	N/A	N/A	Active
* Target Date Fund 2020-25	N/A	N/A	N/A	N/A	Active
* Target Date Fund 2030-35	N/A	N/A	N/A	N/A	Active
*RSP - Diversified Growth Tracker Fund	N/A	N/A	N/A	N/A	Passive
Annuity Pre-Retirement Fund	3	-0.33	4.55	0.01	Active
Cash Fund	0.02	0.05	0.41	0.11	Active
Income Drawdown Fund	15.47	12.47	5.75	2.01	Active
Index-Linked Gilts Tracker	-1.75	0	3.68	0.02	Passive
International Equity Tracker	38.66	-0.01	14.88	0.05	Passive
Long-Term Growth Strategy	22.3	N/A	6.45	N/A	Active
UK Equity Tracker Fund	28.68	0.13	3.38	0.07	Passive
UK Gilts Over 15 Year Tracker	-10.71	-0.01	3.56	0	Passive
L&G (PMC) UK Equity Index 3B	28.61	0.13	3.31	0.07	Passive
L&G MT Future World Multi-Asset	20.42	-4.54	N/A	N/A	Active
L&G MT Global Real Estate Equity Index	21.8	-0.11	N/A	N/A	Passive
L&G PMC 2015-2020 Cash Target Date 3	2.39	-0.46	1.61	0.11	Active
L&G PMC 2020-2025 Cash Target Date 3	6.84	-1.31	3.46	0.4	Active
L&G PMC 2025-2030 Cash Target Date 3	16.92	-3.47	6.24	0.73	Active
L&G PMC 2030-2035 Cash Target Date 3	20.46	-4.64	N/A	N/A	Active

Fund Name	1 year performance		3 year annualised performance		Active/ Passive
	Return	Relative Performance	Return	Relative Performance	
L&G PMC 2035-2040 Cash Target Date 3	20.46	-4.64	N/A	N/A	Active
L&G PMC 2040-2045 Cash Target Date 3	20.95	-4.71	N/A	N/A	Active
L&G PMC 2045-2050 Annuity Target Date Fund 3	23.32	-5.08	7.62	0.54	Active
L&G PMC 2045-2050 Cash Target Date 3	23.32	-5.08	N/A	N/A	Active
L&G PMC 2050-2055 Annuity Target Date Fund 3	24.7	-5.01	7.97	0.42	Active
L&G PMC 2050-2055 Cash Target Date 3	24.67	-5.01	N/A	N/A	Active
L&G PMC 2055-2060 Cash Target Date 3	25.4	-4.62	N/A	N/A	Active
L&G PMC 2060-2065 Cash Target Date 3	25.65	-4.47	N/A	N/A	Active
L&G PMC 2065-2070 Annuity Target Date Fund 3	25.7	-4.38	7.46	0.06	Active
L&G PMC 2065-2070 Cash Target Date 3	25.73	-4.38	N/A	N/A	Active
L&G PMC AAA-AA-A Corp Bond Over 15 Yr Index 3	8.36	-0.54	5.83	0.02	Passive
L&G PMC Active Corporate Bond Over 10 Yr Fund 3	8.35	1.19	6.16	0.7	Active
L&G PMC All Stocks Index Linked Gilt Index 3	-1.58	0.01	3.35	0.02	Passive
L&G PMC Asia Pacific (exJap) Dev Equity Index 3	50.88	0.03	9.49	0.03	Passive
L&G PMC Asia Pacific exJap Equity Index 3	53.06	0.02	11.05	0.05	Passive
L&G PMC Cash (Suspensions) 3	0.09	0.15	N/A	N/A	Active
L&G PMC Commodities Active Fund 3C	19.13	-0.64	N/A	N/A	Active
L&G PMC Corporate Bond Active Fund 3C	9.47	0.42	N/A	N/A	Active
L&G PMC Deposit Fund 3C	0.04	-0.02	N/A	N/A	Active
L&G PMC Dynamic Diversified 3	17.7	14.02	5.95	1.54	Active
L&G PMC Emerging Markets Equity Active Fund 3C	54.54	8.83	N/A	N/A	Active
L&G PMC Ethical Equity Active Fund 3C	40.9	2.98	N/A	N/A	Active
L&G PMC Ethical UK Equity Index 3	26.08	0.01	3.66	0.02	Passive
L&G PMC Europe (Ex-UK) Equity Index 3	35.64	-0.1	8.6	0.04	Passive
L&G PMC European (Ex UK) Equity Passive Fund 3C	35.79	-0.1	N/A	N/A	Passive
L&G PMC European 3 #	60.15	25.29	12.73	4.37	Active
L&G PMC Far Eastern 3 #	35.38	-3.78	5.78	-3.18	Active

Fund Name	1 year performance		3 year annualised performance		Active/ Passive
	Return	Relative Performance	Return	Relative Performance	
L&G PMC Fixed Interest 3	-3.14	1.42	3.15	0.74	Active
L&G PMC Fixed Interest Gilt Passive Fund 3C	-10.58	-0.01	N/A	N/A	Passive
L&G PMC Global Equity Fixed Weights 60:40 Index 3	32.38	0.16	7.23	0.1	Passive
L&G PMC Global Equity 70:30 Index 3	31.7	0.16	6.97	0.11	Passive
L&G PMC Global Equity Active Fund 3C	52.63	14.13	N/A	N/A	Active
L&G PMC Global Equity Market Weights 30:70 Index 3	40.74	-0.02	10.09	0.04	Passive
L&G PMC High Income 3	29.39	7.64	4.77	0.24	Active
L&G PMC Hybrid Property (70:30) 3	2.4	1	N/A	N/A	Active
L&G PMC Index-Linked Gilt Passive Fund 3C	-1.77	0	N/A	N/A	Passive
L&G PMC Islamic Global Equity Passive Fund 3C	35.48	-0.53	N/A	N/A	Passive
L&G PMC Japan Equity Active Fund 3C	33.04	9.32	N/A	N/A	Active
L&G PMC Japan Equity Index 3	26.66	-0.06	7.34	0.01	Passive
L&G PMC Japan Equity Passive Fund 3C	26.8	-0.06	N/A	N/A	Passive
L&G PMC Lazard Emerging Markets 3	35.92	-9.47	N/A	N/A	
L&G PMC Managed Property 3	-3.89	0.09	-0.42	-0.12	Active
L&G PMC Multi-Asset Blended Fund 3C	37.25	0.1	N/A	N/A	Active
L&G PMC Multi-Asset Growth Fund 3C	32.84	2.14	N/A	N/A	Passive
L&G PMC Multi-Asset Retirement Fund 3C	13.87	2.92	N/A	N/A	Active
L&G PMC North America Equity Index 3	39.89	0.02	18.28	0.06	Passive
L&G PMC Over 5 year Index Linked Gilt Index 3	-1.82	0	3.59	0.02	Passive
L&G PMC Overseas Bond Active Fund 3C	-0.41	2.16	N/A	N/A	Active
L&G PMC Overseas Bond Index 3	-10.42	0.05	2.81	0.03	Passive
L&G PMC Pacific Rim (Ex Japan) Eq Active Fund 3C	48.81	3.2	N/A	N/A	Active
L&G PMC Pacific Rim (Ex Japan) Eq Passive Fund 3C	51.05	0.03	N/A	N/A	Passive
L&G PMC Pre-Retirement Inflation Linked Fund 3	2.52	-0.17	4.36	0.03	Passive
L&G PMC Standard Life Global Abs Return Strat 3 [#]	8.36	8.16	3.00	2.35	Active
L&G PMC UK Equity Index Fund (PMC) 3B	28.6	0.13	3.31	0.07	Passive

Fund Name	1 year performance		3 year annualised performance		Active/ Passive
	Return	Relative Performance	Return	Relative Performance	
L&G PMC UK Equity Passive Fund 3C	28.72	0.13	N/A	N/A	Passive
L&G PMC UK Smaller Companies Index 3	61.22	0.04	N/A	N/A	Passive
L&G PMC UK Specialist Fund 3C	75.5	-4.43	N/A	N/A	Active
L&G PMC World Emerg Market Equity Index 3	40.25	0.06	7.57	0.05	Passive

Notes:

- Funds marked * above represent participating employer specific 'white labelled funds' which are unique to the employees of that participating employer. It is not appropriate to disclose the name of those participating employers in a publicly available document. Unredacted fund performance is provided on the employer's own dedicated pension site.
- The figures shown for a fund under the 'performance' column represents the return on your investment in that fund for the year ended Wednesday 31 March 2021. This performance figure is calculated using actual 'dealing prices' at the start and end of the period. Dealing prices are net of all fund charges and transaction costs.

Dealing takes place for our members in all the funds on a daily basis. One price is quoted for the funds each day at which all dealing takes place (called the 'dealing price'). This means there is no difference between the selling price and the buying price for our members on any given day. It is important that we protect existing holders of the funds and so the price on any day will reflect whether there is money flowing into or out of the underlying fund (technically, this is known as a 'single swinging unit price'). Because of this, the performance of any fund can be affected by cash-flows into or out of the fund on any individual day and means that, over the short-term periods, the fund return may not be directly comparable with the benchmark return. This situation will generally smooth itself out over a longer period of time.

- Every fund has a benchmark. Each fund's benchmark has been selected to allow a meaningful comparison of how well the fund has performed against what it's aiming to do. The benchmark will either be the relevant market index (for example the All Share Index for UK based equity funds) or an appropriate peer group comparison (a comparison against similar funds).

The figures shown for a fund under the 'relative performance' column shows the difference between the performance of that fund and the performance of its benchmark or comparator. We want you to see easily how well the assets of the fund have been managed relative to its benchmark or similar funds. Therefore, it is important that the comparison is done on a like for like basis. Accordingly, we have used fund mid-prices before any charges and fees (rather than dealing prices) in calculating performance deviation (the only exception is for those funds marked #, where it is more appropriate to use dealing prices). If the 'performance deviation' is positive, this means that it has performed well against the benchmark. If it is negative, the fund has not done as well and has not achieved what it was aiming to do. You should note that some funds are 'index tracking' funds and aim to produce a return in line with the benchmark.

- Where fund returns are not shown, the fund has not been held for the full period.

Source: LGIM.

A woman with dark hair, wearing a yellow button-down shirt and large hoop earrings, is looking out of a window in an office setting. The background is blurred, showing office furniture and lights.

Appendix 3

Charges and transaction costs

Charges and transaction costs – sole governance

Legal & General agrees with each employer the annual management charges (AMC) paid by members towards the cost of running their section of the scheme, based on the number of members, value of assets transferring into the scheme, future contributions, and related commercial information. Some participating employers elect to pay all or part of the AMC directly to Legal & General on behalf of their employees, hereby reducing the AMC payable by their members.

The AMCs payable in respect of each section of the scheme are commercially sensitive and have not been disclosed in this statement. The trustees have instead disclosed the total expense ratio (TER), which is the total of the AMC for each participating employer and the fund management charge for each fund, based on various AMC rates agreed between Legal & General and participating employers. The trustees have also included the count of the number of participating employers within each fund and TER combination. For example, the first row of the table shows that there is one employer whose members pay a total charge (TER) of 0.13% per annum for investing in the Legal & General PMC Multi-Asset 3 fund, while the second row indicates that there is one employer whose members pay a total charge of 0.18% per annum for investing in the same fund. The difference is accounted for by different AMC rates applicable in the cases concerned.

Total transaction costs for each fund, split between 'explicit' and 'implicit' costs, are also disclosed. Please refer to the definition of these items under 'What are transaction costs and how are they calculated' section on [page 26](#).

All charges and transactions costs are for the year ended 31 March 2021.

Members can view the actual charges and transaction costs payable for their section of the Mastertrust on their employer's dedicated pension website.

The trustees have taken account of statutory guidance when preparing this section of the governance statement.

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC Multi-Asset 3	1	0.13%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	1	0.18%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	2	0.19%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	1	0.21%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	1	0.22%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	1	0.24%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	2	0.25%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	1	0.26%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	1	0.27%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	2	0.28%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	1	0.29%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	3	0.30%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	11	0.31%	0.01%	0.01%	0.03%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC Multi-Asset 3	2	0.33%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	3	0.38%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	1	0.39%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	2	0.40%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	1	0.41%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	9	0.43%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	1	0.46%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	4	0.48%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	2	0.50%	0.01%	0.01%	0.03%
L&G PMC 2015 - 2020 Target Date Fund 3	2	0.21%	0.03%	0.00%	0.00%
L&G PMC 2015 - 2020 Target Date Fund 3	1	0.24%	0.03%	0.00%	0.00%
L&G PMC 2015 - 2020 Target Date Fund 3	1	0.25%	0.03%	0.00%	0.00%
L&G PMC 2015 - 2020 Target Date Fund 3	1	0.26%	0.03%	0.00%	0.00%
L&G PMC 2015 - 2020 Target Date Fund 3	4	0.32%	0.03%	0.00%	0.00%
L&G PMC 2015 - 2020 Target Date Fund 3	2	0.33%	0.03%	0.00%	0.00%
L&G PMC 2015 - 2020 Target Date Fund 3	1	0.38%	0.03%	0.00%	0.00%
L&G PMC 2015 - 2020 Target Date Fund 3	1	0.40%	0.03%	0.00%	0.00%
L&G PMC 2015 - 2020 Target Date Fund 3	1	0.47%	0.03%	0.00%	0.00%
L&G PMC 2020 - 2025 Target Date Fund 3	2	0.21%	0.02%	0.00%	0.00%
L&G PMC 2020 - 2025 Target Date Fund 3	1	0.24%	0.02%	0.00%	0.00%
L&G PMC 2020 - 2025 Target Date Fund 3	1	0.25%	0.02%	0.00%	0.00%
L&G PMC 2020 - 2025 Target Date Fund 3	1	0.26%	0.02%	0.00%	0.00%
L&G PMC 2020 - 2025 Target Date Fund 3	1	0.31%	0.02%	0.00%	0.00%
L&G PMC 2020 - 2025 Target Date Fund 3	5	0.32%	0.02%	0.00%	0.00%
L&G PMC 2020 - 2025 Target Date Fund 3	2	0.33%	0.02%	0.00%	0.00%
L&G PMC 2020 - 2025 Target Date Fund 3	1	0.35%	0.02%	0.00%	0.00%
L&G PMC 2020 - 2025 Target Date Fund 3	1	0.38%	0.02%	0.00%	0.00%
L&G PMC 2020 - 2025 Target Date Fund 3	1	0.40%	0.02%	0.00%	0.00%
L&G PMC 2020 - 2025 Target Date Fund 3	1	0.41%	0.02%	0.00%	0.00%
L&G PMC 2020 - 2025 Target Date Fund 3	2	0.42%	0.02%	0.00%	0.00%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC 2020 - 2025 Target Date Fund 3	1	0.47%	0.02%	0.00%	0.00%
L&G PMC 2025 - 2030 Target Date Fund 3	2	0.21%	0.02%	0.00%	0.00%
L&G PMC 2025 - 2030 Target Date Fund 3	1	0.24%	0.02%	0.00%	0.00%
L&G PMC 2025 - 2030 Target Date Fund 3	1	0.25%	0.02%	0.00%	0.00%
L&G PMC 2025 - 2030 Target Date Fund 3	1	0.26%	0.02%	0.00%	0.00%
L&G PMC 2025 - 2030 Target Date Fund 3	1	0.31%	0.02%	0.00%	0.00%
L&G PMC 2025 - 2030 Target Date Fund 3	7	0.32%	0.02%	0.00%	0.00%
L&G PMC 2025 - 2030 Target Date Fund 3	2	0.33%	0.02%	0.00%	0.00%
L&G PMC 2025 - 2030 Target Date Fund 3	1	0.35%	0.02%	0.00%	0.00%
L&G PMC 2025 - 2030 Target Date Fund 3	1	0.38%	0.02%	0.00%	0.00%
L&G PMC 2025 - 2030 Target Date Fund 3	1	0.40%	0.02%	0.00%	0.00%
L&G PMC 2025 - 2030 Target Date Fund 3	1	0.41%	0.02%	0.00%	0.00%
L&G PMC 2025 - 2030 Target Date Fund 3	2	0.42%	0.02%	0.00%	0.00%
L&G PMC 2025 - 2030 Target Date Fund 3	1	0.47%	0.02%	0.00%	0.00%
L&G PMC 2030 - 2035 Target Date Fund 3	2	0.21%	0.02%	0.01%	0.03%
L&G PMC 2030 - 2035 Target Date Fund 3	1	0.24%	0.02%	0.01%	0.03%
L&G PMC 2030 - 2035 Target Date Fund 3	1	0.25%	0.02%	0.01%	0.03%
L&G PMC 2030 - 2035 Target Date Fund 3	1	0.26%	0.02%	0.01%	0.03%
L&G PMC 2030 - 2035 Target Date Fund 3	1	0.31%	0.02%	0.01%	0.03%
L&G PMC 2030 - 2035 Target Date Fund 3	5	0.32%	0.02%	0.01%	0.03%
L&G PMC 2030 - 2035 Target Date Fund 3	2	0.33%	0.02%	0.01%	0.03%
L&G PMC 2030 - 2035 Target Date Fund 3	1	0.33%	0.02%	0.01%	0.03%
L&G PMC 2030 - 2035 Target Date Fund 3	1	0.38%	0.02%	0.01%	0.03%
L&G PMC 2030 - 2035 Target Date Fund 3	1	0.40%	0.02%	0.01%	0.03%
L&G PMC 2030 - 2035 Target Date Fund 3	1	0.41%	0.02%	0.01%	0.03%
L&G PMC 2030 - 2035 Target Date Fund 3	2	0.42%	0.02%	0.01%	0.03%
L&G PMC 2030 - 2035 Target Date Fund 3	1	0.47%	0.02%	0.01%	0.03%
L&G PMC 2035 - 2040 Target Date Fund 3	2	0.21%	0.02%	0.01%	0.03%
L&G PMC 2035 - 2040 Target Date Fund 3	1	0.24%	0.02%	0.01%	0.03%
L&G PMC 2035 - 2040 Target Date Fund 3	1	0.25%	0.02%	0.01%	0.03%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC 2035 - 2040 Target Date Fund 3	1	0.26%	0.02%	0.01%	0.03%
L&G PMC 2035 - 2040 Target Date Fund 3	1	0.31%	0.02%	0.01%	0.03%
L&G PMC 2035 - 2040 Target Date Fund 3	7	0.32%	0.02%	0.01%	0.03%
L&G PMC 2035 - 2040 Target Date Fund 3	2	0.33%	0.02%	0.01%	0.03%
L&G PMC 2035 - 2040 Target Date Fund 3	1	0.35%	0.02%	0.01%	0.03%
L&G PMC 2035 - 2040 Target Date Fund 3	1	0.38%	0.02%	0.01%	0.03%
L&G PMC 2035 - 2040 Target Date Fund 3	1	0.40%	0.02%	0.01%	0.03%
L&G PMC 2035 - 2040 Target Date Fund 3	1	0.41%	0.02%	0.01%	0.03%
L&G PMC 2035 - 2040 Target Date Fund 3	2	0.42%	0.02%	0.01%	0.03%
L&G PMC 2035 - 2040 Target Date Fund 3	1	0.47%	0.02%	0.01%	0.03%
L&G PMC 2040 - 2045 Target Date Fund 3	2	0.21%	0.02%	0.02%	0.04%
L&G PMC 2040 - 2045 Target Date Fund 3	1	0.24%	0.02%	0.02%	0.04%
L&G PMC 2040 - 2045 Target Date Fund 3	1	0.25%	0.02%	0.02%	0.04%
L&G PMC 2040 - 2045 Target Date Fund 3	1	0.26%	0.02%	0.02%	0.04%
L&G PMC 2040 - 2045 Target Date Fund 3	1	0.31%	0.02%	0.02%	0.04%
L&G PMC 2040 - 2045 Target Date Fund 3	6	0.32%	0.02%	0.02%	0.04%
L&G PMC 2040 - 2045 Target Date Fund 3	2	0.33%	0.02%	0.02%	0.04%
L&G PMC 2040 - 2045 Target Date Fund 3	1	0.35%	0.02%	0.02%	0.04%
L&G PMC 2040 - 2045 Target Date Fund 3	1	0.38%	0.02%	0.02%	0.04%
L&G PMC 2040 - 2045 Target Date Fund 3	1	0.40%	0.02%	0.02%	0.04%
L&G PMC 2040 - 2045 Target Date Fund 3	1	0.41%	0.02%	0.02%	0.04%
L&G PMC 2040 - 2045 Target Date Fund 3	2	0.42%	0.02%	0.02%	0.04%
L&G PMC 2045 - 2050 Target Date Fund 3	1	0.21%	0.03%	0.05%	0.09%
L&G PMC 2045 - 2050 Target Date Fund 3	1	0.24%	0.03%	0.05%	0.09%
L&G PMC 2045 - 2050 Target Date Fund 3	1	0.25%	0.03%	0.05%	0.09%
L&G PMC 2045 - 2050 Target Date Fund 3	6	0.32%	0.03%	0.05%	0.09%
L&G PMC 2045 - 2050 Target Date Fund 3	1	0.33%	0.03%	0.05%	0.09%
L&G PMC 2045 - 2050 Target Date Fund 3	1	0.38%	0.03%	0.05%	0.09%
L&G PMC 2045 - 2050 Target Date Fund 3	1	0.40%	0.03%	0.05%	0.09%
L&G PMC 2045 - 2050 Target Date Fund 3	1	0.42%	0.03%	0.05%	0.09%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC 2050 - 2055 Target Date Fund 3	4	0.21%	0.04%	0.06%	0.09%
L&G PMC 2050 - 2055 Target Date Fund 3	1	0.24%	0.04%	0.06%	0.09%
L&G PMC 2050 - 2055 Target Date Fund 3	1	0.25%	0.04%	0.06%	0.09%
L&G PMC 2050 - 2055 Target Date Fund 3	2	0.26%	0.04%	0.06%	0.09%
L&G PMC 2050 - 2055 Target Date Fund 3	2	0.31%	0.04%	0.06%	0.09%
L&G PMC 2050 - 2055 Target Date Fund 3	4	0.32%	0.04%	0.06%	0.09%
L&G PMC 2050 - 2055 Target Date Fund 3	3	0.33%	0.04%	0.06%	0.09%
L&G PMC 2050 - 2055 Target Date Fund 3	1	0.38%	0.04%	0.06%	0.09%
L&G PMC 2050 - 2055 Target Date Fund 3	1	0.40%	0.04%	0.06%	0.09%
L&G PMC 2050 - 2055 Target Date Fund 3	2	0.41%	0.04%	0.06%	0.09%
L&G PMC 2050 - 2055 Target Date Fund 3	3	0.42%	0.04%	0.06%	0.09%
L&G PMC 2055 - 2060 Target Date Fund 3	2	0.21%	0.04%	0.06%	0.09%
L&G PMC 2055 - 2060 Target Date Fund 3	1	0.25%	0.04%	0.06%	0.09%
L&G PMC 2055 - 2060 Target Date Fund 3	5	0.32%	0.04%	0.06%	0.09%
L&G PMC 2055 - 2060 Target Date Fund 3	1	0.33%	0.04%	0.06%	0.09%
L&G PMC 2055 - 2060 Target Date Fund 3	1	0.38%	0.04%	0.06%	0.09%
L&G PMC 2055 - 2060 Target Date Fund 3	1	0.40%	0.04%	0.06%	0.09%
L&G PMC 2055 - 2060 Target Date Fund 3	1	0.42%	0.04%	0.06%	0.09%
L&G PMC 2060 - 2065 Target Date Fund 3	2	0.21%	0.04%	0.06%	0.09%
L&G PMC 2060 - 2065 Target Date Fund 3	1	0.25%	0.04%	0.06%	0.09%
L&G PMC 2060 - 2065 Target Date Fund 3	1	0.26%	0.04%	0.06%	0.09%
L&G PMC 2060 - 2065 Target Date Fund 3	1	0.31%	0.04%	0.06%	0.09%
L&G PMC 2060 - 2065 Target Date Fund 3	5	0.32%	0.04%	0.06%	0.09%
L&G PMC 2060 - 2065 Target Date Fund 3	1	0.38%	0.04%	0.06%	0.09%
L&G PMC 2060 - 2065 Target Date Fund 3	1	0.40%	0.04%	0.06%	0.09%
L&G PMC 2060 - 2065 Target Date Fund 3	1	0.41%	0.04%	0.06%	0.09%
L&G PMC 2060 - 2065 Target Date Fund 3	2	0.42%	0.04%	0.06%	0.09%
L&G PMC 2065 - 2070 Target Date Fund 3	2	0.21%	0.04%	0.06%	0.10%
L&G PMC 2065 - 2070 Target Date Fund 3	3	0.32%	0.04%	0.06%	0.10%
L&G PMC 2065 - 2070 Target Date Fund 3	1	0.38%	0.04%	0.06%	0.10%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC 2065 - 2070 Target Date Fund 3	1	0.40%	0.04%	0.06%	0.10%
L&G PMC 2065 - 2070 Target Date Fund 3	1	0.41%	0.04%	0.06%	0.10%
L&G PMC 2065 - 2070 Target Date Fund 3	1	0.42%	0.04%	0.06%	0.10%
L&G MT Future World Multi-Asset Fund	1	0.16%	0.02%	0.00%	0.01%
L&G MT Future World Multi-Asset Fund	1	0.21%	0.02%	0.00%	0.01%
L&G MT Future World Multi-Asset Fund	2	0.22%	0.02%	0.00%	0.01%
L&G MT Future World Multi-Asset Fund	1	0.30%	0.02%	0.00%	0.01%
L&G MT Future World Multi-Asset Fund	2	0.31%	0.02%	0.00%	0.01%
L&G MT Future World Multi-Asset Fund	1	0.32%	0.02%	0.00%	0.01%
L&G MT Future World Multi-Asset Fund	2	0.33%	0.02%	0.00%	0.01%
L&G MT Future World Multi-Asset Fund	1	0.34%	0.02%	0.00%	0.01%
L&G MT Future World Multi-Asset Fund	1	0.43%	0.02%	0.00%	0.01%
L&G MT Future World Multi-Asset Fund	1	0.44%	0.02%	0.00%	0.01%
L&G MT Future World Multi-Asset Fund	1	0.46%	0.02%	0.00%	0.01%
L&G PMC Retirement Income Multi-Asset 3	1	0.31%	0.05%	0.00%	0.00%
L&G PMC Retirement Income Multi-Asset 3	1	0.36%	0.05%	0.00%	0.00%
L&G PMC Retirement Income Multi-Asset 3	1	0.37%	0.05%	0.00%	0.00%
L&G PMC Retirement Income Multi-Asset 3	1	0.39%	0.05%	0.00%	0.00%
L&G PMC Retirement Income Multi-Asset 3	2	0.46%	0.05%	0.00%	0.00%
L&G PMC Retirement Income Multi-Asset 3	1	0.48%	0.05%	0.00%	0.00%
L&G PMC Retirement Income Multi-Asset 3	1	0.49%	0.05%	0.00%	0.00%
L&G PMC Retirement Income Multi-Asset 3	1	0.51%	0.05%	0.00%	0.00%
L&G PMC Retirement Income Multi-Asset 3	1	0.56%	0.05%	0.00%	0.00%
L&G PMC Retirement Income Multi-Asset 3	1	0.59%	0.05%	0.00%	0.00%
L&G PMC Retirement Income Multi-Asset 3	2	0.61%	0.05%	0.00%	0.00%
L&G PMC Retirement Income Multi-Asset 3	1	0.66%	0.05%	0.00%	0.00%
L&G PMC Retirement Income Multi-Asset 3	1	0.68%	0.05%	0.00%	0.00%
Cash (Suspensions) 3	1	0.10%	0.00%	0.00%	0.00%
Cash (Suspensions) 3	1	0.23%	0.00%	0.00%	0.00%
Cash (Suspensions) 3	1	0.24%	0.00%	0.00%	0.00%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
Cash (Suspensions) 3	1	0.25%	0.00%	0.00%	0.00%
Cash (Suspensions) 3	3	0.27%	0.00%	0.00%	0.00%
Cash (Suspensions) 3	1	0.35%	0.00%	0.00%	0.00%
Cash (Suspensions) 3	1	0.38%	0.00%	0.00%	0.00%
Cash (Suspensions) 3	3	0.40%	0.00%	0.00%	0.00%
Cash (Suspensions) 3	1	0.43%	0.00%	0.00%	0.00%
Cash (Suspensions) 3	1	0.45%	0.00%	0.00%	0.00%
Cash (Suspensions) 3	1	0.47%	0.00%	0.00%	0.00%
Sole governance self-select funds					
L&G MT Active Diversified Growth Fund	1	0.85%	0.08%	0.00%	0.08%
L&G MT Active Diversified Growth Fund	1	0.93%	0.08%	0.00%	0.08%
L&G MT Active Diversified Growth Fund	1	0.98%	0.08%	0.00%	0.08%
L&G MT Active Diversified Growth Fund	1	0.99%	0.08%	0.00%	0.08%
L&G MT Active Diversified Growth Fund	2	1.00%	0.08%	0.00%	0.08%
L&G MT Active Diversified Growth Fund	2	1.02%	0.08%	0.00%	0.08%
L&G MT Active Diversified Growth Fund	1	1.03%	0.08%	0.00%	0.08%
L&G MT Active Diversified Growth Fund	1	1.05%	0.08%	0.00%	0.08%
L&G MT Active Diversified Growth Fund	1	1.08%	0.08%	0.00%	0.08%
L&G MT Active Diversified Growth Fund	2	1.10%	0.08%	0.00%	0.08%
L&G MT Active Diversified Growth Fund	1	1.13%	0.08%	0.00%	0.08%
L&G MT Active Diversified Growth Fund	3	1.15%	0.08%	0.00%	0.08%
L&G MT Active Diversified Growth Fund	1	1.20%	0.08%	0.00%	0.08%
L&G MT Active Diversified Growth Fund	1	1.22%	0.08%	0.00%	0.08%
L&G MT Emerging Markets Index Fund	1	0.25%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	2	0.31%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	1	0.33%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	1	0.38%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	1	0.39%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	2	0.40%	0.03%	0.00%	0.01%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G MT Emerging Markets Index Fund	1	0.41%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	3	0.42%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	1	0.43%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	1	0.45%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	1	0.48%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	3	0.50%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	1	0.53%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	3	0.55%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	1	0.57%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	1	0.58%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	1	0.60%	0.03%	0.00%	0.01%
L&G MT Emerging Markets Index Fund	1	0.62%	0.03%	0.00%	0.01%
L&G MT Global Developed Equity Index Fund	1	0.10%	0.01%	0.00%	0.00%
L&G MT Global Developed Equity Index Fund	2	0.16%	0.01%	0.00%	0.00%
L&G MT Global Developed Equity Index Fund	1	0.18%	0.01%	0.00%	0.00%
L&G MT Global Developed Equity Index Fund	1	0.19%	0.01%	0.00%	0.00%
L&G MT Global Developed Equity Index Fund	1	0.23%	0.01%	0.00%	0.00%
L&G MT Global Developed Equity Index Fund	1	0.24%	0.01%	0.00%	0.00%
L&G MT Global Developed Equity Index Fund	2	0.25%	0.01%	0.00%	0.00%
L&G MT Global Developed Equity Index Fund	3	0.27%	0.01%	0.00%	0.00%
L&G MT Global Developed Equity Index Fund	2	0.35%	0.01%	0.00%	0.00%
L&G MT Global Developed Equity Index Fund	1	0.38%	0.01%	0.00%	0.00%
L&G MT Global Developed Equity Index Fund	2	0.40%	0.01%	0.00%	0.00%
L&G MT Global Developed Equity Index Fund	1	0.43%	0.01%	0.00%	0.00%
L&G MT Global Developed Equity Index Fund	2	0.45%	0.01%	0.00%	0.00%
L&G MT Global Developed Equity Index Fund	1	0.47%	0.01%	0.00%	0.00%
L&G MT Global Real Estate Equity Index Fund	1	0.24%	0.02%	0.04%	0.05%
L&G MT Global Real Estate Equity Index Fund	2	0.25%	0.02%	0.04%	0.05%
L&G MT Global Real Estate Equity Index Fund	1	0.27%	0.02%	0.04%	0.05%
L&G MT Global Real Estate Equity Index Fund	1	0.33%	0.02%	0.04%	0.05%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G MT Global Real Estate Equity Index Fund	2	0.34%	0.02%	0.04%	0.05%
L&G MT Global Real Estate Equity Index Fund	3	0.36%	0.02%	0.04%	0.05%
L&G MT Global Real Estate Equity Index Fund	1	0.44%	0.02%	0.04%	0.05%
L&G MT Global Real Estate Equity Index Fund	1	0.47%	0.02%	0.04%	0.05%
L&G MT Global Real Estate Equity Index Fund	1	0.54%	0.02%	0.04%	0.05%
L&G MT Short Dated Bond Index Fund	1	0.12%	0.00%	0.06%	0.06%
L&G MT Short Dated Bond Index Fund	3	0.18%	0.00%	0.06%	0.06%
L&G MT Short Dated Bond Index Fund	1	0.20%	0.00%	0.06%	0.06%
L&G MT Short Dated Bond Index Fund	1	0.23%	0.00%	0.06%	0.06%
L&G MT Short Dated Bond Index Fund	2	0.26%	0.00%	0.06%	0.06%
L&G MT Short Dated Bond Index Fund	2	0.27%	0.00%	0.06%	0.06%
L&G MT Short Dated Bond Index Fund	3	0.29%	0.00%	0.06%	0.06%
L&G MT Short Dated Bond Index Fund	1	0.37%	0.00%	0.06%	0.06%
L&G MT Short Dated Bond Index Fund	1	0.40%	0.00%	0.06%	0.06%
L&G MT Short Dated Bond Index Fund	2	0.42%	0.00%	0.06%	0.06%
L&G MT Short Dated Bond Index Fund	1	0.47%	0.00%	0.06%	0.06%
L&G MT Smaller Companies Index Fund	2	0.22%	0.02%	0.02%	0.04%
L&G MT Smaller Companies Index Fund	2	0.28%	0.02%	0.02%	0.04%
L&G MT Smaller Companies Index Fund	1	0.30%	0.02%	0.02%	0.04%
L&G MT Smaller Companies Index Fund	1	0.35%	0.02%	0.02%	0.04%
L&G MT Smaller Companies Index Fund	1	0.36%	0.02%	0.02%	0.04%
L&G MT Smaller Companies Index Fund	2	0.37%	0.02%	0.02%	0.04%
L&G MT Smaller Companies Index Fund	3	0.39%	0.02%	0.02%	0.04%
L&G MT Smaller Companies Index Fund	1	0.42%	0.02%	0.02%	0.04%
L&G MT Smaller Companies Index Fund	1	0.45%	0.02%	0.02%	0.04%
L&G MT Smaller Companies Index Fund	1	0.47%	0.02%	0.02%	0.04%
L&G MT Smaller Companies Index Fund	1	0.50%	0.02%	0.02%	0.04%
L&G MT Smaller Companies Index Fund	3	0.52%	0.02%	0.02%	0.04%
L&G MT Smaller Companies Index Fund	2	0.57%	0.02%	0.02%	0.04%
L&G MT Smaller Companies Index Fund	1	0.59%	0.02%	0.02%	0.04%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC Cash 3	1	0.09%	0.00%	0.00%	0.00%
L&G PMC Cash 3	4	0.15%	0.00%	0.00%	0.00%
L&G PMC Cash 3	1	0.17%	0.00%	0.00%	0.00%
L&G PMC Cash 3	1	0.18%	0.00%	0.00%	0.00%
L&G PMC Cash 3	1	0.20%	0.00%	0.00%	0.00%
L&G PMC Cash 3	1	0.22%	0.00%	0.00%	0.00%
L&G PMC Cash 3	2	0.23%	0.00%	0.00%	0.00%
L&G PMC Cash 3	2	0.24%	0.00%	0.00%	0.00%
L&G PMC Cash 3	1	0.25%	0.00%	0.00%	0.00%
L&G PMC Cash 3	2	0.26%	0.00%	0.00%	0.00%
L&G PMC Cash 3	2	0.27%	0.00%	0.00%	0.00%
L&G PMC Cash 3	3	0.34%	0.00%	0.00%	0.00%
L&G PMC Cash 3	1	0.37%	0.00%	0.00%	0.00%
L&G PMC Cash 3	5	0.39%	0.00%	0.00%	0.00%
L&G PMC Cash 3	3	0.44%	0.00%	0.00%	0.00%
L&G PMC Cash 3	1	0.46%	0.00%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	1	0.30%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	1	0.35%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	2	0.36%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	1	0.38%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	1	0.41%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	1	0.42%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	1	0.43%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	2	0.44%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	2	0.45%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	1	0.46%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	3	0.47%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	2	0.48%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	2	0.50%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	2	0.55%	0.02%	0.00%	0.00%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC Ethical Global Equity Index 3	1	0.58%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	4	0.60%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	1	0.63%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	1	0.65%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	1	0.67%	0.02%	0.00%	0.00%
L&G PMC Future World Fund 3	1	0.24%	0.04%	0.01%	0.05%
L&G PMC Future World Fund 3	1	0.32%	0.04%	0.01%	0.05%
L&G PMC Future World Fund 3	1	0.37%	0.04%	0.01%	0.05%
L&G PMC Future World Fund 3	1	0.38%	0.04%	0.01%	0.05%
L&G PMC Future World Fund 3	2	0.39%	0.04%	0.01%	0.05%
L&G PMC Future World Fund 3	3	0.41%	0.04%	0.01%	0.05%
L&G PMC Future World Fund 3	1	0.44%	0.04%	0.01%	0.05%
L&G PMC Future World Fund 3	2	0.49%	0.04%	0.01%	0.05%
L&G PMC Future World Fund 3	1	0.52%	0.04%	0.01%	0.05%
L&G PMC Future World Fund 3	1	0.54%	0.04%	0.01%	0.05%
L&G PMC Future World Fund 3	1	0.57%	0.04%	0.01%	0.05%
L&G PMC Future World Fund 3	1	0.59%	0.04%	0.01%	0.05%
L&G PMC HSBC Islamic Global Equity Index Fund 3	1	0.35%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	1	0.41%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	1	0.43%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	1	0.48%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	1	0.49%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	2	0.50%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	3	0.52%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	1	0.53%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	2	0.55%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	2	0.60%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	1	0.63%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	3	0.65%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	1	0.68%	0.03%	0.00%	0.03%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC HSBC Islamic Global Equity Index Fund 3	2	0.70%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	1	0.72%	0.03%	0.00%	0.03%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	1	0.65%	0.32%	0.00%	0.32%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	1	0.73%	0.32%	0.00%	0.32%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	1	0.74%	0.32%	0.00%	0.32%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	1	0.78%	0.32%	0.00%	0.32%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	1	0.79%	0.32%	0.00%	0.32%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	2	0.80%	0.32%	0.00%	0.32%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	2	0.82%	0.32%	0.00%	0.32%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	1	0.85%	0.32%	0.00%	0.32%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	2	0.90%	0.32%	0.00%	0.32%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	1	0.93%	0.32%	0.00%	0.32%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	3	0.95%	0.32%	0.00%	0.32%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	2	1.00%	0.32%	0.00%	0.32%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	1	1.02%	0.32%	0.00%	0.32%
L&G PMC Pre-Retirement 3	1	0.12%	0.00%	0.00%	0.00%
L&G PMC Pre-Retirement 3	1	0.18%	0.00%	0.00%	0.00%
L&G PMC Pre-Retirement 3	1	0.20%	0.00%	0.00%	0.00%
L&G PMC Pre-Retirement 3	1	0.21%	0.00%	0.00%	0.00%
L&G PMC Pre-Retirement 3	1	0.25%	0.00%	0.00%	0.00%
L&G PMC Pre-Retirement 3	1	0.26%	0.00%	0.00%	0.00%
L&G PMC Pre-Retirement 3	2	0.27%	0.00%	0.00%	0.00%
L&G PMC Pre-Retirement 3	2	0.29%	0.00%	0.00%	0.00%
L&G PMC Pre-Retirement 3	2	0.30%	0.00%	0.00%	0.00%
L&G PMC Pre-Retirement 3	1	0.37%	0.00%	0.00%	0.00%
L&G PMC Pre-Retirement 3	1	0.40%	0.00%	0.00%	0.00%
L&G PMC Pre-Retirement 3	3	0.42%	0.00%	0.00%	0.00%
L&G PMC Pre-Retirement 3	2	0.47%	0.00%	0.00%	0.00%
L&G PMC Property 3	1	0.91%	0.02%	0.00%	0.00%
L&G PMC Property 3	1	0.99%	0.02%	0.00%	0.00%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC Property 3	1	1.04%	0.02%	0.00%	0.00%
L&G PMC Property 3	1	1.05%	0.02%	0.00%	0.00%
L&G PMC Property 3	2	1.06%	0.02%	0.00%	0.00%
L&G PMC Property 3	3	1.08%	0.02%	0.00%	0.00%
L&G PMC Property 3	1	1.09%	0.02%	0.00%	0.00%
L&G PMC Property 3	1	1.11%	0.02%	0.00%	0.00%
L&G PMC Property 3	2	1.16%	0.02%	0.00%	0.00%
L&G PMC Property 3	1	1.19%	0.02%	0.00%	0.00%
L&G PMC Property 3	3	1.21%	0.02%	0.00%	0.00%
L&G PMC Property 3	1	1.24%	0.02%	0.00%	0.00%
L&G PMC Property 3	2	1.26%	0.02%	0.00%	0.00%
L&G PMC Property 3	1	1.28%	0.02%	0.00%	0.00%
L&G PMC Threadneedle Managed Equity 3	1	0.55%	0.24%	0.00%	0.24%
L&G PMC Threadneedle Managed Equity 3	1	0.63%	0.24%	0.00%	0.24%
L&G PMC Threadneedle Managed Equity 3	1	0.69%	0.24%	0.00%	0.24%
L&G PMC Threadneedle Managed Equity 3	2	0.70%	0.24%	0.00%	0.24%
L&G PMC Threadneedle Managed Equity 3	3	0.72%	0.24%	0.00%	0.24%
L&G PMC Threadneedle Managed Equity 3	2	0.73%	0.24%	0.00%	0.24%
L&G PMC Threadneedle Managed Equity 3	1	0.75%	0.24%	0.00%	0.24%
L&G PMC Threadneedle Managed Equity 3	3	0.80%	0.24%	0.00%	0.24%
L&G PMC Threadneedle Managed Equity 3	1	0.82%	0.24%	0.00%	0.24%
L&G PMC Threadneedle Managed Equity 3	1	0.83%	0.24%	0.00%	0.24%
L&G PMC Threadneedle Managed Equity 3	3	0.85%	0.24%	0.00%	0.24%
L&G PMC Threadneedle Managed Equity 3	1	0.88%	0.24%	0.00%	0.24%
L&G PMC Threadneedle Managed Equity 3	2	0.90%	0.24%	0.00%	0.24%
L&G PMC Threadneedle Managed Equity 3	1	0.92%	0.24%	0.00%	0.24%
L&G PMC UK Equity Index 3	1	0.10%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	1	0.15%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	2	0.16%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	1	0.18%	0.02%	0.00%	0.00%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC UK Equity Index 3	1	0.19%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	1	0.21%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	1	0.23%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	2	0.24%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	2	0.25%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	3	0.27%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	2	0.28%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	2	0.30%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	1	0.33%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	2	0.35%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	1	0.37%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	1	0.38%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	4	0.40%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	2	0.45%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	1	0.47%	0.02%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	1	0.12%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	1	0.17%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	2	0.18%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	1	0.20%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	1	0.21%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	1	0.23%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	1	0.25%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	2	0.26%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	2	0.27%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	4	0.29%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	3	0.30%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	2	0.32%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	3	0.37%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	1	0.39%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	1	0.40%	0.01%	0.00%	0.00%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC World (Ex-UK) Equity Index 3	4	0.42%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	1	0.45%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	3	0.47%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	1	0.49%	0.01%	0.00%	0.00%

Notes:

- Amounts may not add up due to rounding.
- Implicit transaction costs have been calculated as the difference between the price at which a deal was struck and the mid-market price of an asset at the time the order is placed in the market ('arrival price'). This is consistent with the implicit cost calculation methods allowable under PRIIPS guidance. Where the arrival price was not available, the implicit cost was calculated as the difference between the price at which a deal was struck and the mid-market opening price on the day of the trade. Where the mid-market opening price was not available, the mid-market previous closing price was used. Where the previous mid-market closing price was not available, a fixed fee was used to estimate the implicit costs of each trade.

Source: LGIM.

Charges and transaction costs – shared governance

Under shared governance, participating employers are actively involved in creating a tailored investment strategy for their employees initially on joining the Mastertrust and in reviewing the investment strategy at least every three years. Shared governance participating employers are required to obtain independent investment advice. The Mastertrust trustees are responsible for approving the investment strategy and any changes to it.

The AMCs payable in respect of each section of the scheme are commercially sensitive and have not been disclosed in this statement. The trustees have instead disclosed the total expense ratio (TER), which is the total of the AMC for each participating employer and the fund management charge for each fund, based on various AMC rates agreed between Legal & General and employers. The trustees have also included the count of the number of participating employers within each fund TER combination.

Total transaction costs for each fund, split between 'explicit' and 'implicit' costs, are also disclosed. Please refer to the definition of these items under 'What are transaction costs and how are they calculated' section on [page 26](#).

Certain shared governance participating employers create 'white labelled' fund names which include the name of the employer. In such cases the name of the employer has been replaced with an '*'. Members can view the charges and transaction costs information for their respective employer on their employer's dedicated pension website.

All charges and transactions costs are for the year ended 31 March 2021.

The trustees have taken account of statutory guidance when preparing this section of the governance statement.

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
* Annuity Target Fund	1	0.21%	0.00%	0.04%	0.04%
* Cash Fund	1	0.22%	0.00%	0.00%	0.00%
* Corporate Bond Fund	1	0.21%	0.00%	0.00%	0.00%
* Diversified Fund	1	0.52%	0.07%	0.00%	0.07%
* Equity Fund	1	0.21%	0.03%	0.00%	0.01%
* Equity Fund (Lifestyle)	1	0.24%	0.12%	0.00%	0.16%
* Ethical Fund	1	0.29%	0.02%	0.00%	0.00%
* Growth Fund	1	0.32%	0.10%	0.06%	0.17%
* Index-Linked Gilts Fund	1	0.17%	0.00%	0.02%	0.02%
* Nearly There Bond Fund	1	0.27%	0.01%	0.11%	0.13%
* Shariah Fund	1	0.49%	0.03%	0.00%	0.03%
Cash (Suspensions) 3	1	0.28%	0.00%	0.00%	0.00%
Cash (Suspensions) 3	1	0.30%	0.00%	0.00%	0.00%
Cash (Suspensions) 3	2	0.45%	0.00%	0.00%	0.00%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G (PMC) UK Equity Index 3B	1	0.30%	0.02%	0.00%	0.00%
L&G (PMC) UK Equity Index Fund 3B	1	0.30%	0.02%	0.00%	0.00%
L&G MT Short Dated Bond Index Fund	1	0.47%	0.00%	0.00%	0.00%
L&G PMC 2015 - 2020 Cash Target Date Fund 3	1	0.45%	0.00%	0.00%	0.00%
L&G PMC 2020 - 2025 Cash Target Date Fund 3	1	0.45%	0.01%	0.00%	0.00%
L&G PMC 2025 - 2030 Cash Target Date Fund 3	1	0.45%	0.02%	0.00%	0.00%
L&G PMC 2030 - 2035 Cash Target Date Fund 3	1	0.45%	0.02%	0.01%	0.03%
L&G PMC 2030 - 2035 Target Date Fund 3	1	0.45%	0.02%	0.00%	0.00%
L&G PMC 2035 - 2040 Cash Target Date Fund 3	1	0.45%	0.02%	0.01%	0.03%
L&G PMC 2040 - 2045 Cash Target Date Fund 3	1	0.45%	0.02%	0.02%	0.05%
L&G PMC 2045 - 2050 Annuity Target Date Fund 3	1	0.45%	0.03%	0.09%	0.13%
L&G PMC 2045 - 2050 Cash Target Date Fund 3	1	0.45%	0.03%	0.09%	0.13%
L&G PMC 2050 - 2055 Cash Target Date Fund 3	1	0.45%	0.04%	0.11%	0.14%
L&G PMC 2050 - 2055 Target Date Fund 3	1	0.45%	0.04%	0.06%	0.10%
L&G PMC 2055 - 2060 Cash Target Date Fund 3	1	0.45%	0.04%	0.10%	0.14%
L&G PMC 2060 - 2065 Cash Target Date Fund 3	1	0.45%	0.04%	0.09%	0.13%
L&G PMC 2060 - 2065 Target Date Fund 3	1	0.45%	0.04%	0.06%	0.09%
L&G PMC 2065 - 2070 Cash Target Date Fund 3	1	0.45%	0.04%	0.08%	0.12%
L&G PMC AAA-AA-A Corp Bond All Stocks Index 3	1	0.17%	0.00%	0.00%	0.00%
L&G PMC AAA-AA-A Corp Bond All Stocks Index 3	1	0.18%	0.00%	0.00%	0.00%
L&G PMC AAA-AA-A Corp Bond All Stocks Index 3	1	0.30%	0.00%	0.00%	0.00%
L&G PMC AAA-AA-A Corp Bond All Stocks Index 3	1	0.34%	0.00%	0.00%	0.00%
L&G PMC AAA-AA-A Corp Bond All Stocks Index 3	1	0.47%	0.00%	0.00%	0.00%
L&G PMC AAA-AA-A Corp Bond Over 15 Yr Index 3	1	0.34%	0.00%	0.01%	0.01%
L&G PMC All Stocks Index Linked Gilts Index 3	1	0.28%	0.00%	0.02%	0.02%
L&G PMC All Stocks Index Linked Gilts Index 3	2	0.43%	0.00%	0.02%	0.02%
L&G PMC Artemis Income 3	1	0.97%	0.18%	0.00%	0.18%
L&G PMC Asia Pacific Ex Jap Equity Index 3	1	0.19%	0.04%	0.00%	0.02%
L&G PMC Asia Pacific Ex Jap Equity Index 3	1	0.20%	0.04%	0.00%	0.02%
L&G PMC Asia Pacific Ex Jap Equity Index 3	1	0.36%	0.04%	0.00%	0.02%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC Cash 3	1	0.27%	0.00%	0.00%	0.00%
L&G PMC Cash 3	1	0.29%	0.00%	0.00%	0.00%
L&G PMC Cash 3	1	0.31%	0.00%	0.00%	0.00%
L&G PMC Cash 3	1	0.39%	0.00%	0.00%	0.00%
L&G PMC Cash 3	2	0.44%	0.00%	0.00%	0.00%
L&G PMC Consensus Index 3	1	0.31%	0.01%	0.00%	0.00%
L&G PMC Consensus Index 3	2	0.46%	0.01%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	1	0.52%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	1	0.60%	0.02%	0.00%	0.00%
L&G PMC Ethical Global Equity Index 3	2	0.65%	0.02%	0.00%	0.00%
L&G PMC Ethical UK Equity Index 3	1	0.38%	0.02%	0.00%	0.02%
L&G PMC Ethical UK Equity Index 3	1	0.40%	0.02%	0.00%	0.02%
L&G PMC Ethical UK Equity Index 3	1	0.42%	0.02%	0.00%	0.02%
L&G PMC Europe (Ex-UK) Equity Index 3	1	0.17%	0.01%	0.00%	0.00%
L&G PMC Europe (Ex-UK) Equity Index 3	1	0.18%	0.01%	0.00%	0.00%
L&G PMC Europe (Ex-UK) Equity Index 3	1	0.34%	0.01%	0.00%	0.00%
L&G PMC Fixed Interest 3	2	0.29%	0.02%	0.03%	0.05%
L&G PMC Future World Fund 3	1	0.54%	0.05%	0.00%	0.05%
L&G PMC Future World Fund 3	1	0.59%	0.05%	0.00%	0.05%
L&G PMC Global Eqty Fixed Weights 50:50 Index 3	1	0.16%	0.02%	0.00%	0.00%
L&G PMC Global Eqty Fixed Weights 50:50 Index 3	1	0.28%	0.02%	0.00%	0.00%
L&G PMC Global Eqty Fixed Weights 50:50 Index 3	1	0.30%	0.02%	0.00%	0.00%
L&G PMC Global Eqty Fixed Weights 50:50 Index 3	1	0.32%	0.02%	0.00%	0.00%
L&G PMC Global Eqty Fixed Weights 50:50 Index 3	2	0.45%	0.02%	0.00%	0.00%
L&G PMC Global Equity Market Weights 30:70 Index 3	2	0.19%	0.02%	0.02%	0.04%
L&G PMC Global Equity 70:30 Index 3	1	0.16%	0.02%	0.00%	0.00%
L&G PMC High Income 3	1	0.35%	0.00%	0.19%	0.19%
L&G PMC HSBC Islamic Global Equity Index Fund 3	1	0.41%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	1	0.53%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	1	0.55%	0.03%	0.00%	0.03%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC HSBC Islamic Global Equity Index Fund 3	1	0.65%	0.03%	0.00%	0.03%
L&G PMC HSBC Islamic Global Equity Index Fund 3	2	0.70%	0.03%	0.00%	0.03%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	1	0.71%	0.32%	0.00%	0.32%
L&G PMC Janus Henderson Fixed Int Monthly Income 3	2	1.00%	0.32%	0.00%	0.32%
L&G PMC Japan Equity Index 3	1	0.18%	0.01%	0.01%	0.01%
L&G PMC Japan Equity Index 3	1	0.34%	0.01%	0.01%	0.01%
L&G PMC Managed Property 3	1	1.35%	0.32%	0.00%	0.00%
L&G PMC Multi-Asset 3	1	0.31%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	1	0.33%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	1	0.35%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	1	0.43%	0.01%	0.01%	0.03%
L&G PMC Multi-Asset 3	2	0.48%	0.01%	0.01%	0.03%
L&G PMC North America Equity Index 3	1	0.17%	0.00%	0.00%	0.00%
L&G PMC North America Equity Index 3	1	0.34%	0.00%	0.00%	0.00%
L&G PMC Over 15 Year Gilts Index 3	1	0.13%	0.00%	0.00%	0.00%
L&G PMC Over 15 Year Gilts Index 3	1	0.14%	0.00%	0.00%	0.00%
L&G PMC Over 15 Year Gilts Index 3	1	0.28%	0.00%	0.00%	0.00%
L&G PMC Over 15 Year Gilts Index 3	1	0.30%	0.00%	0.00%	0.00%
L&G PMC Over 15 Year Gilts Index 3	2	0.43%	0.00%	0.00%	0.00%
L&G PMC Over 5 Year Index Linked Gilts Index 3	1	0.13%	0.00%	0.02%	0.03%
L&G PMC Over 5 Year Index Linked Gilts Index 3	1	0.26%	0.00%	0.02%	0.03%
L&G PMC Over 5 Year Index Linked Gilts Index 3	1	0.30%	0.00%	0.02%	0.03%
L&G PMC Overseas Bond Index 3	1	0.33%	0.00%	0.00%	0.00%
L&G PMC Pre-Retirement 3	1	0.18%	0.00%	0.07%	0.07%
L&G PMC Pre-Retirement 3	1	0.30%	0.00%	0.07%	0.07%
L&G PMC Pre-Retirement 3	1	0.32%	0.00%	0.07%	0.07%
L&G PMC Pre-Retirement 3	1	0.34%	0.00%	0.07%	0.07%
L&G PMC Property 3	1	1.09%	0.15%	0.00%	0.00%
L&G PMC Property 3	1	1.11%	0.15%	0.00%	0.00%
L&G PMC Property 3	2	1.26%	0.15%	0.00%	0.00%

Fund Name (Legal & General written as L&G)	Number of Employers	TER	Explicit Costs	Implicit Costs	Total Transaction Costs
L&G PMC Pre-Retirement Inflation Linked Fund 3	1	0.29%	0.00%	0.04%	0.04%
L&G PMC Retirement Income Multi-Asset 3	1	0.51%	0.05%	0.00%	0.00%
L&G PMC Retirement Income Multi-Asset 3	1	0.53%	0.05%	0.00%	0.00%
L&G PMC Standard Life Global Abs Return Strat 3	1	0.98%	0.68%	0.00%	0.68%
L&G PMC Threadneedle Dynamic Real Return Fund 3	2	0.90%	0.18%	0.00%	0.18%
L&G PMC Threadneedle Managed Equity 3	1	0.59%	0.41%	0.00%	0.41%
L&G PMC Threadneedle Managed Equity 3	2	0.90%	0.41%	0.00%	0.41%
L&G PMC UK Equity Index 3	1	0.32%	0.02%	0.00%	0.00%
L&G PMC UK Equity Index 3	2	0.45%	0.02%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	1	0.30%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	1	0.32%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	1	0.34%	0.01%	0.00%	0.00%
L&G PMC World (Ex-UK) Equity Index 3	2	0.47%	0.01%	0.00%	0.00%
L&G PMC World Emerging Markets Equity Index 3	1	0.30%	0.04%	0.00%	0.02%
L&G PMC World Emerging Markets Equity Index 3	1	0.47%	0.04%	0.00%	0.02%
* Diversified Growth Tracker Fund	1	0.21%	0.03%	0.04%	0.07%
* Cash Fund	1	0.15%	0.00%	0.00%	0.00%
* Diversified Fund	1	0.78%	0.52%	0.00%	0.52%
* Early Career Fund	1	0.31%	0.29%	0.01%	0.30%
* Islamic Global Equity Fund	1	0.38%	0.03%	0.00%	0.03%
* Mid Career Fund	1	0.39%	0.35%	0.00%	0.36%
* Multi-Asset Fund	1	0.65%	0.57%	0.00%	0.57%
* Pre Retirement Fund	1	0.33%	0.26%	0.00%	0.25%
* Property Fund	1	1.34%	0.32%	0.00%	0.10%
* Responsible Investment Equity Fund	1	0.31%	0.53%	0.00%	0.53%

Notes:

- Amounts may not add up due to rounding.
- The funds marked with an * are redacted as they are for the sole use of employees of participating employers in the scheme and it is not appropriate to disclose their name in a publicly available document. If you are an employee of one of these employers, the full fund names are available to you via your employer's dedicated pension scheme website and relevant pension scheme documentation.
- Implicit transaction costs have been calculated as the difference between the price at which a deal was struck and the mid-market price of an asset at the time the order is placed in the market ('arrival price'). This is consistent with the implicit cost calculation methods allowable under PRIIPS guidance. Where the arrival price was not available, the implicit cost was calculated as the difference between the price at which a deal was struck and the mid-market opening price on the day of the trade. Where the mid-market opening price was not available, the mid-market previous closing price was used. Where the previous mid-market closing price was not available, a fixed fee was used to estimate the implicit costs of each trade.

Source: LGIM.



Appendix 4

Illustrations, over time, of the growing effect of the costs and charges on the value of your saving

Illustrations, over time, of the growing effect of the costs and charges on the value of your saving

The trustees are required to provide members with illustrations to show them what they might receive from their plan at retirement in today's terms (in other words, in real terms) and explain how charges, transaction costs and investment performance could impact their pension savings over time. These illustrations have been based on the typical member who joins the scheme at age 25 and remains a member of the scheme through to their retirement at age 68. In determining the age of a typical member, the trustees obtained a schedule of the number of active members, by age, invested in the relevant default fund, and selected the age with the most members. The trustees have taken account of statutory guidance in preparing these illustrations.

Showing the value of money in real terms takes the effect of inflation into account and gives an indication of how much a sum of money in the future would be worth today. This is called its buying power.

In preparing these illustrations, we have assumed the following:

- that the amounts paid into your pension will increase by inflation over time and that the frequency of contributions will not vary. In reality, contributions paid into your pension are linked to salary so will vary over time and may also be impacted by changes in legislation or breaks in employment;
- that the current fund value is £4,200 and the monthly contribution is £125;
- that inflation remains constant at 2.5% per year. In reality this will vary over time. Inflation reduces the worth of all savings and investments;
- that the total charges in percentage terms will not change over time, and reflect the total of:
 - the annual management charge (AMC), which covers the cost of running your pension scheme, as agreed with your employer, and is deducted from your plan monthly; and
 - the fund management charge (FMC), which covers the cost of managing the fund or funds you are invested in, and is included in each fund's unit price; and
- that transaction costs reflect the trading costs incurred by a fund in its day-to-day management and when you make a request to buy, sell or switch your investments. Where transaction costs data is available, we've included them in the calculation of these illustrations and they are based on the average yearly costs incurred, measured over a period of up to the last five years. This may be different to the charges shown in this Chair's Statement.

The trustees have determined that it is not practicable to publish illustrations for each of the funds for each sole governance participating employer within the Chair's Statement, and have instead prepared representative illustrations calculated using representative terms paid by members, and using consistent current fund values and monthly contributions for each illustration.

Members can find out the actual AMC and FMC they are paying by referring to their scheme-specific Member Booklet, or their employer's pension websites. Members can then, using this information, determine which of the below illustrations is most representative to their individual circumstances.

Employer-specific illustrations, prepared using employer-specific total charges and representative current fund values and monthly contribution amounts based on their specific membership, have been prepared and are available for members to view on their employer's pension website.

The trustees have taken account of statutory guidance when preparing this section of the governance statement.

IMPORTANT: Please remember that these illustrations are just examples and may not reflect your individual circumstances. The amount you receive from your pension savings will depend on a number of factors including:

- the actual amount paid into your plan;
- how the funds or investments that you hold actually perform;
- actual costs and charges; and
- when you choose to access your pension savings.

Illustration 1: sole governance - L&G PMC Multi-Asset Fund 3

The regulations require the trustees to include illustrations for the most popular fund. Given that most members invest in the default strategy available to them, and that the Multi-Asset Fund has been a sole governance default for some years, it is natural that this fund has a large amount invested within the Mastertrust.

There are currently 201 participating employers within the sole governance section. Participating employers agree with Legal & General the annual management charge (AMC) members will pay towards the cost of running their pension plan. The AMCs are commercially sensitive, and have, therefore, not been disclosed within this document. The trustees have instead disclosed the total charge, which is the total of the AMC and the fund management charge (FMC) which for the Multi-Asset Fund range from 0.13% to 0.50% (or £1.30 to £5.00 per £1,000 invested).

The projections within this section reflect members aged 25, 40 and 55 invested in the Legal & General PMC Multi-Asset Fund 3 default fund. Multiple ages were selected to show the impact of costs and charges at varying points of the member's journey.

- The illustrations for a 25-year-old member represent one of the largest age groups within the Legal & General Mastertrust. They are at the beginning of their pension accumulation journey and typically have smaller pot sizes (on average £4,200) than older members as well as lower contribution rates (on average £125 per month).
- The illustrations for a 40-year-old represent members that are part way through their pension accumulation journey, they are usually seeking a stable growth of their pension assets and typically have large pot sizes (on average £19,700) and larger contribution rates (on average £205 per month) relative to the younger members.
- The illustrations for a 55-year-old represent members that are about to start their journey into retirement planning and they will already be able to start accessing their pensions. These members typically have the largest pot sizes (on average £35,800) and higher contribution rates (on average £300 per month) to 40-year-old members.

In preparing the following illustrations, the trustees have used the average current fund value £4,200 and monthly contributions of £125 paid by a typical member aged 25 invested in the fund. The total charges, or TER, used in the illustrations, represent the lowest, median, and highest charges payable by the active members' invested in the fund.

Fund: L&G PMC Multi-Asset 3

Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs
0.13%	0.90%	0.03%	0.30%	0.90%	0.03%	0.50%	0.90%	0.03%
Current fund value		£4,200	Current fund value		£4,200	Current fund value		£4,200
Contribution		£125	Contribution		£125	Contribution		£125
Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges
1	£5,720	£5,710	1	£5,720	£5,710	1	£5,720	£5,700
3	£8,710	£8,680	3	£8,710	£8,640	3	£8,710	£8,600
5	£11,600	£11,500	5	£11,600	£11,400	5	£11,600	£11,300
10	£18,500	£18,300	10	£18,500	£18,100	10	£18,500	£17,800
20	£31,000	£30,400	20	£31,000	£29,800	20	£31,000	£29,100
30	£42,400	£41,100	30	£42,400	£39,800	30	£42,400	£38,300
40	£52,900	£50,700	40	£52,900	£48,600	40	£52,900	£46,100
42	£54,900	£52,600	42	£54,900	£50,200	42	£54,900	£47,600

In preparing the below illustrations, the trustees have used the average current fund value of £19,700 and monthly contributions of £205 paid by a typical member aged 40 invested in the fund. The total charges, or TER, used in the illustrations, represent the lowest, median, and highest charges payable by the active members invested in the fund.

Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs
0.13%	0.90%	0.03%	0.30%	0.90%	0.03%	0.50%	0.90%	0.03%
Current fund value		£19,700	Current fund value		£19,700	Current fund value		£19,700
Contribution		£205	Contribution		£205	Contribution		£205
Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges
1	£22,300	£22,200	1	£22,300	£22,200	1	£22,300	£22,200
3	£27,400	£27,300	3	£27,400	£27,200	3	£27,400	£27,000
5	£32,400	£32,200	5	£32,400	£31,900	5	£32,400	£31,700
10	£44,300	£43,800	10	£44,300	£43,200	10	£44,300	£42,600
20	£66,200	£64,700	20	£66,200	£63,200	20	£66,200	£61,400
30	£0	£0	30	£0	£0	30	£0	£0
40	£0	£0	40	£0	£0	40	£0	£0
42	£0	£0	42	£0	£0	42	£0	£0

In preparing the below illustrations, the trustees have used the average current fund value of £35,800 and monthly contributions of £300 paid by a typical member aged 55 invested in the fund. The total charges, or TER, used in the illustrations, represent the lowest, median, and highest charges payable by the active members invested in the fund.

Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs
0.13%	0.90%	0.03%	0.30%	0.90%	0.03%	0.50%	0.90%	0.03%
Current fund value		£35,800	Current fund value		£35,800	Current fund value		£35,800
Contribution		£300	Contribution		£300	Contribution		£300
Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges
1	£39,600	£39,600	1	£39,600	£39,500	1	£39,600	£39,400
3	£47,300	£47,100	3	£47,300	£46,800	3	£47,300	£46,600
5	£54,700	£54,300	5	£54,700	£53,900	5	£54,700	£53,500
10	£72,500	£71,600	10	£72,500	£70,600	10	£72,500	£69,500
20	£0	£0	20	£0	£0	20	£0	£0
30	£0	£0	30	£0	£0	30	£0	£0
40	£0	£0	40	£0	£0	40	£0	£0
42	£0	£0	42	£0	£0	42	£0	£0

Important note: The charges mean that the value of your pension pot could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Illustration 2: sole governance – alternative default arrangements

Under sole governance, the participating employers have the option to select an alternative default investment strategy from a range of funds and lifestyle profiles pre-approved by the trustees.

The trustees have selected the Legal & General PMC Target Date Funds 3 range, the Legal & General PMC Future World Multi-Asset Fund 3 and the Legal & General Drawdown Lifestyle as alternative default investment strategies which can be selected by sole governance participating employers. These funds provide exposure to a range of different asset classes with an asset allocation which evolves over time.

The Multi Asset Lifestyle is no longer available for clients to select from, but there are still members invested in the strategy.

As detailed in [section 2](#) of this report, the Cash (Suspensions) 3 Fund is a non-selectable default strategy, which members may be invested in, as such we have also shown the impact of costs and charges on this fund below.

The trustees have analysed the age, contributions, and fund values of members invested in the range of Target Date Funds and have determined that the Legal & General PMC 2065 - 2070 Target Date Fund 3 is the most representative fund.

In preparing this illustration, the trustees have adopted the total charges paid by most members in each of the default funds. In preparing the below illustrations, the trustees have used the average current fund value of £4,200 and monthly contributions of £125 paid by a typical member aged 25 invested in the fund. The total charges, or TER, used in the illustrations, represent the lowest, median, and highest charges payable by the active members invested in the fund.

**Fund: L&G PMC 2065 - 2070 Target
Date Fund 3**

Total charges	Growth rate	Transaction costs
0.41%	Various	0.06%
<hr/>		
Current fund value	£4,200	
Contribution	£125	
<hr/>		
Pot value at end of year	No charges	After all charges
1	£5,720	£5,700
3	£8,710	£8,620
5	£11,600	£11,400
10	£18,500	£17,900
20	£31,000	£29,300
30	£42,400	£38,800
40	£52,600	£46,500
42	£54,100	£47,600

**Fund: L&G PMC Future World
Multi-Asset Fund 3**

Total charges	Growth rate	Transaction costs
0.29%	0.90%	0.08%
<hr/>		
Current fund value	£4,200	
Contribution	£125	
<hr/>		
Pot value at end of year	No charges	After all charges
1	£5,720	£5,700
3	£8,710	£8,640
5	£11,600	£11,400
10	£18,500	£18,000
20	£31,000	£29,600
30	£42,400	£39,500
40	£52,900	£48,100
42	£54,900	£49,700

**Fund: Legal & General
Drawdown Lifestyle**

Fund Name	Total charges	Growth rate	Transaction costs
L&G PMC Multi-Asset 3	0.13%	0.90%	0.03%
L&G PMC Retirement Income Multi-Asset 3	0.31%	0.40%	0.11%
<hr/>			
Current fund value	£4,200		
Contribution	£125		
<hr/>			
Pot value at end of year	No charges	After all charges	
1	£5,720	£5,710	
3	£8,710	£8,680	
5	£11,600	£11,500	
10	£18,500	£18,300	
20	£31,000	£30,400	
30	£42,400	£41,100	
40	£52,900	£50,700	
42	£54,800	£52,300	

Fund: Multi-Asset Lifestyle

Fund Name	Total charges	Growth rate	Transaction costs
L&G PMC Cash 3	0.26%	-2.20%	0.00%
L&G PMC Over 15 Year Gilts Index 3	0.25%	-2.20%	0.01%
L&G PMC Multi-Asset 3	0.30%	0.90%	0.03%
Current fund value	£35,800		
Contribution	£300		
Pot value at end of year	No charges	After all charges	
1	£39,600	£39,500	
3	£47,300	£46,800	
5	£54,300	£53,600	
10	£67,500	£65,900	
20	£0	£0	
30	£0	£0	
40	£0	£0	
42	£0	£0	

Fund: L&G PMC Cash Fund 3

Total charges	Growth rate	Transaction costs
0.09%	-2.20%	0.00%
Current fund value	£4,200	
Contribution	£125	
Pot value at end of year	No charges	After all charges
1	£5,570	£5,560
3	£8,110	£8,090
5	£10,400	£10,300
10	£15,100	£15,100
20	£21,300	£21,100
30	£24,200	£23,800
40	£24,900	£24,400
42	£24,900	£24,400

Important note: The charges mean that the value of your pension pot could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Illustration 3: sole governance – self-select investment options

The trustees have selected a range of 18 self-select investment options which provide those members who wish to make their own investment decisions a diversified range of funds to select from. This range of self-select investment options is available to members of the participating employers in the sole governance section.

As explained in [section 3](#), each participating employer has agreed with Legal & General the amount of charges, known as the total expense ratio (TER), which will be paid by their employees. The negotiated charges are commercially sensitive and have not been disclosed in this report.

The trustees have analysed the range of self-select funds available to sole governance members, and have identified the following funds which represent three distinguished asset classes with differing risk/return profile and charges:

- Legal & General PMC Cash Fund 3 which is the fund with the lowest investment risk, expected return, costs and charges;
- Legal & General PMC Property Fund 3 which is the fund with the highest costs and charges, representing an asset class with unique characteristics; and
- Legal & General PMC World (Ex-UK) Equity Index Fund 3 which is the fund with the highest expected return and investment risk.

The most popular investment options are the default arrangements covered by illustrations 1 and 2 above.

In preparing the below illustrations, the trustees have used the average current fund value of £4,200 and monthly contributions of £125 paid by a typical member aged 25 invested in the fund. The total charges, or TER, used in the illustrations, represent the lowest, median, and highest charges payable by the active members invested in the fund.

Fund: L&G PMC Cash Fund 3

Total charges	Growth rate	Transaction costs
0.09%	-2.20%	0.00%

Current fund value	£4,200
Contribution	£125

Pot value at end of year	No charges	After all charges
1	£5,570	£5,560
3	£8,110	£8,090
5	£10,400	£10,300
10	£15,100	£15,100
20	£21,300	£21,100
30	£24,200	£23,800
40	£24,900	£24,400
42	£24,900	£24,400

Total charges	Growth rate	Transaction costs
0.26%	-2.20%	0.00%

Current fund value	£4,200
Contribution	£125

Pot value at end of year	No charges	After all charges
1	£5,570	£5,550
3	£8,110	£8,060
5	£10,400	£10,300
10	£15,100	£14,900
20	£21,300	£20,700
30	£24,200	£23,200
40	£24,900	£23,600
42	£24,900	£23,500

Total charges	Growth rate	Transaction costs
0.46%	-2.20%	0.00%

Current fund value	£4,200
Contribution	£125

Pot value at end of year	No charges	After all charges
1	£5,570	£5,540
3	£8,110	£8,030
5	£10,400	£10,200
10	£15,100	£14,700
20	£21,300	£20,200
30	£24,200	£22,400
40	£24,900	£22,600
42	£24,900	£22,400

Fund: L&G PMC Property Fund 3

Total charges	Growth rate	Transaction costs
1.23%	1.00%	0.00%

Current fund value	£4,200
Contribution	£125

Pot value at end of year	No charges	After all charges
1	£5,730	£5,670
3	£8,730	£8,490
5	£11,600	£7,960
10	£18,600	£17,200
20	£31,400	£27,000
30	£43,200	£34,300
40	£54,300	£39,700
42	£56,400	£40,600

Total charges	Growth rate	Transaction costs
1.40%	1.00%	0.00%

Current fund value	£4,200
Contribution	£125

Pot value at end of year	No charges	After all charges
1	£5,730	£5,660
3	£8,730	£8,450
5	£11,600	£11,000
10	£18,600	£17,000
20	£31,400	£26,400
30	£43,200	£33,300
40	£54,300	£38,100
42	£56,400	£38,800

Total charges	Growth rate	Transaction costs
1.60%	1.00%	0.00%

Current fund value	£4,200
Contribution	£125

Pot value at end of year	No charges	After all charges
1	£5,730	£5,650
3	£8,730	£8,420
5	£11,600	£11,000
10	£18,600	£16,800
20	£31,400	£25,800
30	£43,200	£32,100
40	£54,300	£36,300
42	£56,400	£36,900

Fund: L&G PMC World (Ex-UK) Equity Index 3

Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs
0.12%	1.60%	0.00%	0.29%	1.60%	0.00%	0.49%	1.60%	0.00%
Current fund value		£4,200	Current fund value		£4,200	Current fund value		£4,200
Contribution		£125	Contribution		£125	Contribution		£125
Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges
1	£5,760	£5,750	1	£5,760	£5,740	1	£5,760	£5,730
3	£8,840	£8,820	3	£8,840	£8,780	3	£8,840	£8,740
5	£11,800	£11,800	5	£11,800	£11,700	5	£11,800	£11,600
10	£19,300	£19,100	10	£19,300	£18,900	10	£19,300	£18,700
20	£33,800	£33,300	20	£33,800	£32,600	20	£33,800	£31,800
30	£48,300	£47,200	30	£48,300	£45,700	30	£48,300	£43,900
40	£63,300	£61,300	40	£63,300	£58,600	40	£63,300	£55,500
42	£66,400	£64,200	42	£66,400	£61,200	42	£66,400	£57,800

Important note: The charges mean that the value of your pension pot could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Illustration 4: shared governance - default arrangements

Under shared governance, each participating employer, supported by their investment adviser, is actively involved in the governance of their pension arrangements. This is, however, subject to the trustees' oversight and approval, including the on-going and regular oversight of the investment strategy with their prevailing membership demographic in mind. This includes the selection of the default fund and lifestyle profile (where appropriate) and the range of self-select funds available to their membership.

There are currently six shared governance employers. The trustees have prepared anonymised illustrations for each shared governance employer, using representative ages, contributions, and fund values from across the participating employer's membership. Funds marked * represent employer specific 'white labelled funds' which are unique to the employees of that participating employer. Unredacted employer specific illustrations are available for members to view on their employer specific microsites.

Employer A Default Fund

Fund Name	Total charges	Growth rate	Transaction costs
* Nearly There Bond Fund	0.27%	-1.60%	0.12%
* Equity Fund (Lifestyle)	0.22%	2.00%	0.09%
* Corporate Bond Fund	0.21%	-1.50%	0.00%
* Diversified Fund	0.55%	1.50%	0.09%
* Cash Fund	0.22%	-2.20%	0.00%
* Growth Fund	0.32%	1.80%	0.12%
Current fund value	£1,800		
Contribution	£40		
Pot value at end of year	No charges	After all charges	
1	£2,310	£2,300	
3	£3,320	£3,280	
5	£4,320	£4,250	
10	£6,810	£6,610	
20	£11,700	£11,000	
30	£16,600	£15,200	
40	£20,700	£18,500	
42	£21,000	£18,700	

Employer B Default Fund

Fund Name	Total charges	Growth rate	Transaction costs
* Early Career Fund	0.31%	1.70%	0.30%
* Mid Career Fund	0.39%	1.40%	0.36%
* Pre Retirement Fund	0.33%	0.20%	0.25%
Current fund value	£9,700		
Contribution	£200		
Pot value at end of year	No charges	After all charges	
1	£12,200	£12,100	
3	£17,300	£17,000	
5	£22,300	£21,800	
10	£34,600	£33,200	
20	£59,000	£54,400	
30	£83,700	£74,000	
40	£107,000	£89,900	
42	£110,000	£91,700	

Employer C Default Fund

Fund Name	Total charges	Growth rate	Transaction costs
* Equity Fund (Lifestyle)	0.22%	1.90%	0.13%
* Corporate Bond Fund	0.21%	-1.50%	0.00%
* Diversified Fund	0.55%	1.50%	0.07%
* Cash Fund	0.22%	-2.20%	0.00%
* Growth Fund	0.32%	1.80%	0.14%
* Nearly There Bond Fund	0.27%	-1.60%	0.13%

Current fund value £1,600

Contribution £30

Pot value at end of year	No charges	After all charges
1	£1,980	£1,970
3	£2,750	£2,720
5	£3,510	£3,450
10	£5,400	£5,230
20	£9,170	£8,620
30	£12,800	£11,700
40	£15,800	£14,000
42	£16,100	£14,200

Employer D Default Fund

Fund Name	Total charges	Growth rate	Transaction costs
L&G MT Short Dated Bond Index Fund	0.47%	-1.50%	0.00%
L&G PMC Cash 3	0.44%	-2.20%	0.00%
L&G PMC Global Eqty Fixed Weights 50:50 Index 3	0.45%	1.40%	0.00%
L&G PMC Multi-Asset 3	0.48%	0.90%	0.03%

Current fund value £1,600

Contribution £50

Pot value at end of year	No charges	After all charges
1	£2,210	£2,210
3	£3,440	£3,400
5	£4,630	£4,560
10	£7,550	£7,330
20	£13,100	£12,300
30	£18,400	£16,900
40	£23,000	£20,300
42	£23,500	£20,600

Employer E Default Fund

Fund Name	Total charges	Growth rate	Transaction costs
L&G PMC Global Eqty Fixed Weights 50:50 Index 3	0.28%	1.40%	0.00%
L&G PMC Over 5 Year Index Linked Gilts Index 3	0.26%	-2.20%	0.06%
L&G PMC AAA-AA-A Corp Bond All Stocks Index 3	0.30%	-1.50%	0.00%
L&G PMC Multi-Asset 3	0.31%	0.90%	0.03%
Current fund value	£7,900		
Contribution	£235		
Pot value at end of year	No charges	After all charges	
1	£10,800	£10,700	
3	£16,500	£16,400	
5	£22,200	£21,900	
10	£35,900	£35,200	
20	£62,100	£59,900	
30	£87,500	£82,900	
40	£108,000	£100,000	
42	£110,000	£102,000	

Employer F Default Fund

Fund Name	Total charges	Growth rate	Transaction costs
Long-Term Growth Strategy	0.68%	1.20%	0.01%
L&G PMC Cash 3	0.44%	-2.20%	0.00%
L&G PMC Over 15 Year Gilts Index 3	0.43%	-2.20%	0.00%
Current fund value	£800		
Contribution	£110		
Pot value at end of year	No charges	After all charges	
1	£2,120	£2,110	
3	£4,710	£4,660	
5	£7,250	£7,110	
10	£13,300	£12,800	
20	£24,700	£22,800	
30	£35,300	£31,200	
40	£45,000	£38,000	
42	£45,100	£37,800	

Employer G Default Fund

Fund Name	Total charges	Growth rate	Transaction costs
	0.45%	0.70%	0.07%
Current fund value	£3,400		
Contribution	£100		

Pot value at end of year	No charges	After all charges
1	£4,620	£4,600
3	£7,010	£6,920
5	£9,330	£9,160
10	£14,800	£14,300
20	£24,900	£23,300
30	£34,000	£30,800
40	£41,900	£36,700
42	£42,700	£37,100

Important note: The charges mean that the value of your pension pot could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Illustration 5: flexi-access drawdown

Members, usually any time from age 55, have the right to take a tax-free cash sum and/or a regular income and/or a one-off income payment from their pension pot. This is known as 'flexi-access drawdown'.

The trustees have prepared the below illustration which has been based on the typical member who enters the flexi-access drawdown proposition, to show what you might get from your plan in today's terms and explain how charges, transaction costs and investment performance could affect your pension savings over time.

In preparing this illustration we have assumed the following:

- that you are taking money from your pension by flexi-access drawdown;
- that the current fund value is £56,200 and that you will draw £1,565 per month starting from your 60th birthday;
- that inflation remains constant at 2.5% per year. In reality this will vary over time. Inflation reduces the worth of all savings and investments;
- that the total charges in percentage terms will not change over time, and reflect the total of:
 - the annual management charge (AMC), which covers the cost of running your pension scheme, as agreed with your employer, and is deducted from your plan monthly; and
 - the fund management charge (FMC), which covers the cost of managing the fund or funds you are investment in, and is included in each fund's unit price; and
- that transaction costs reflect the trading costs incurred by a fund in its day-to-day management and when you make a request to buy, sell or switch your investments, are included in the funds unit prices.

The trustees have analysed the age and fund values of members invested in the Legal & General PMC Retirement Income Multi-Asset 3 fund and have adopted the total charges of 0.71% p.a. paid by the majority of members.

Members can find out the actual AMC and FMC they are paying by referring to their scheme-specific Member Booklet, or their employer's pension website. Members can then, using this information, determine which of the below illustrations is most representative to their individual circumstances.

In preparing the below illustrations, the trustees have used the average current fund value of £56,200 and monthly withdrawals of £1,565 drawn by a typical member aged 60 invested in the fund.

Fund: L&G PMC Retirement Income Multi-Asset 3

Total charges	Growth rate	Transaction costs
0.71%	0.40%	0.11%

Drawdown pot value	£56,200
Drawdown monthly value	£1,565

Pot value at end of year	No charges	After all charges
1	£37,800	£37,400
3	£2,160	£1,480
5	£692	£0
10	£0	£0
20	£0	£0
30	£0	£0
40	£0	£0
42	£0	£0

Important note: The charges mean that the value of your pension pot could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Illustration 6: deferred members

Deferred members form a large proportion of the Mastertrust member base. These members typically have the same profiles as those found in Illustration 1 above, however they are not making any contributions and have different average pot values.

The illustrations in this section reflect the typical deferred members aged 25, 40 and 55 invested in the Legal & General PMC Multi-Asset Fund 3 default fund. Multiple ages were selected to show the impact of costs and charges at varying points of the members journey and the impact of costs and charges on investments when there are no contributions being paid into the pension pot.

- The illustrations for a 25-year-old member represent one of the largest age groups in the Legal & General Mastertrust. They are at the beginning of their pension accumulation journey and typically have smaller pot sizes (on average £800) than older members.
- The illustrations for a 40-year-old member represent members that are part way through their pension accumulation journey, they are usually seeking a stable growth of their pension assets and typically have large pot sizes (on average £6,500) relative to the younger members.
- The illustrations for a 55-year-old member represent members that are about to start their journey into retirement planning and they will already be able to start accessing their pensions. These members typically have the largest pot sizes (on average £14,200).

In preparing the below illustrations, the trustees have used the average current fund value of £800 and no monthly contributions for a typical member aged 25 invested in the fund. The total charges, or TER, used in the illustrations, represent the lowest, median, and highest charges payable by the deferred members invested in the fund.

Fund: L&G PMC Multi-Asset 3

Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs
0.13%	0.90%	0.03%	0.30%	0.90%	0.03%	0.50%	0.90%	0.03%
Current fund value		£800	Current fund value		£800	Current fund value		£800
Contribution		£0	Contribution		£0	Contribution		£0
Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges
1	£807	£805	1	£807	£804	1	£807	£802
3	£821	£817	3	£821	£813	3	£821	£808
5	£835	£829	5	£835	£822	5	£835	£813
10	£873	£859	10	£873	£844	10	£873	£828
20	£952	£922	20	£952	£891	20	£952	£857
30	£1,030	£991	30	£1,030	£941	30	£1,030	£887
40	£1,130	£1,060	40	£1,130	£994	40	£1,130	£918
42	£1,150	£1,070	42	£1,150	£1,000	42	£1,150	£924

Important note: The charges mean that the value of your pension pot could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

In preparing the below illustrations, the trustees have used the average current fund value £6,500 and no monthly contributions for a typical member aged 40 invested in the fund. The total charges, or TER, used in the illustrations, represent the lowest, median, and highest charges payable by the deferred members invested in the fund.

Fund: L&G PMC Multi-Asset 3

Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs
0.13%	0.90%	0.03%	0.30%	0.90%	0.03%	0.50%	0.90%	0.03%
Current fund value		£6,500	Current fund value		£6,500	Current fund value		£6,500
Contribution		£0	Contribution		£0	Contribution		£0
Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges
1	£6,550	£6,540	1	£6,550	£6,530	1	£6,550	£6,520
3	£6,670	£6,640	3	£6,670	£6,600	3	£6,670	£6,560
5	£6,790	£6,730	5	£6,790	£6,670	5	£6,790	£6,610
10	£7,090	£6,980	10	£7,090	£6,860	10	£7,090	£6,720
20	£7,740	£7,490	20	£7,740	£7,240	20	£7,740	£6,960
30	£0	£0	30	£0	£0	30	£0	£0
40	£0	£0	40	£0	£0	40	£0	£0
42	£0	£0	42	£0	£0	42	£0	£0

Important note: The charges mean that the value of your pension pot could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

In preparing the below illustrations, the trustees have used the average current fund value of £14,200 and no monthly contributions for a typical member aged 55 invested in the fund. The total charges, or TER, used in the illustrations, represent the lowest, median, and highest charges payable by the deferred members invested in the fund.

Fund: L&G PMC Multi-Asset 3

Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs	Total charges	Growth rate	Transaction costs
0.13%	0.90%	0.03%	0.30%	0.90%	0.03%	0.50%	0.90%	0.03%
Current fund value		£14,200	Current fund value		£14,200	Current fund value		£14,200
Contribution		£0	Contribution		£0	Contribution		£0
Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges	Pot value at end of year	No charges	After all charges
1	£14,300	£14,300	1	£14,300	£14,200	1	£14,300	£14,200
3	£14,500	£14,500	3	£14,500	£14,400	3	£14,500	£14,300
5	£14,800	£14,700	5	£14,800	£14,500	5	£14,800	£14,400
10	£15,400	£15,200	10	£15,400	£14,900	10	£15,400	£14,600
20	£0	£0	20	£0	£0	20	£0	£0
30	£0	£0	30	£0	£0	30	£0	£0
40	£0	£0	40	£0	£0	40	£0	£0
42	£0	£0	42	£0	£0	42	£0	£0

Important note: The charges mean that the value of your pension pot could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Fund: L&G PMC 2065 - 2070 Target Date Fund 3

Total charges	Growth rate	Transaction costs
0.32%	Various	0.06%

Current fund value	£800
Contribution	£0

Pot value at end of year	No charges	After all charges
1	£807	£803
3	£821	£811
5	£835	£820
10	£873	£840
20	£952	£883
30	£1,030	£927
40	£1,120	£968
42	£1,130	£968

Important note: The charges mean that the value of your pension pot could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.

Illustration 7: deferred liability

Increasingly employers or ceding trustees (the trustees of pension schemes which are being transferred into the Mastertrust) are looking to transfer pension pots for their deferred members into the Mastertrust. Under these arrangements there is no requirement for the employer to participate in the Mastertrust on an on-going basis.

Typically, the employer or trustees, will select one of the sole governance defaults for their deferred members, but there are some unique scenarios where the trustees will oversee default arrangements under the sole governance model that differ to the pre-designed investment strategies available for employers to select from. The trustees will approve these strategies if thought to be in the best interest of members and reviewed by the trustees according to the sole governance principles on an on-going basis.

There is currently one deferred liability sole governance participating employer with their own bespoke default investment strategy. The trustees have prepared an anonymised illustration for this employer, using representative ages, contributions, and fund values from across the participating employer's membership. Unredacted employer-specific illustrations are available for members to view on their employer's pension website.

Employer H Default fund

Fund name	Total charges	Growth rate	Transaction costs
L&G PMC Active Corporate Bond Over 10 Yr Fund 3	0.38%	1.30%	0.05%
L&G PMC Cash 3	0.23%	-2.20%	0.00%
L&G PMC Global Equity 70:30 Index 3	0.24%	1.40%	0.00%
Current fund value	£16,000		
Contribution	£0		

Pot value at end of year	No charges	After all charges
1	£16,200	£16,100
3	£16,600	£16,500
5	£17,100	£16,900
10	£18,300	£17,800
20	£20,900	£20,000
30	£23,800	£22,200
40	£0	£0
42	£0	£0

Important note: The charges mean that the value of your pension pot could be less than has been paid in, particularly if contributions stop during the early years of your pension plan or in the case of poor investment returns.



Appendix 5

Glossary

Glossary

This statement has to use a number of technical terms, many of which you may not be familiar with. This glossary gives an explanation of what these terms mean.

An **active member** is a person who is currently working for one of the participating employers and having contributions paid into the Mastertrust.

Additional expenses (also known as operating costs and expenses) are the costs of operating a fund on a day-to-day basis. These include custodians' fees (who independently hold a fund's assets), audit costs and the fees of the fund's directors or trustees. Operating costs and expenses are typically a small fraction of a per cent and can vary as the level of custodian's fees will depend on the assets in which the fund is invested.

Administration refers to the day-to-day running of the Mastertrust and includes activities such as collection of contributions, record-keeping for all members and payment of benefits.

An **adviser** is a person or company appointed by the Trustee Board or by an employer under the shared governance model to give advice on matters such as investment strategies.

The **annual management charge (AMC)** is the charge deducted from a member's pension pot to cover the cost of administering the scheme. Under the Mastertrust the level of AMC depends on the terms agreed between the participating employer and Legal & General.

An **annuity** is an insurance policy that uses the value of your pension savings to provide you with an income which can be payable for the rest of your life or a fixed term, depending on the type of annuity you choose to buy. The amount you receive will depend on several things including the value of your pension savings, your age, your health and the annuity rates available when you purchase one (which reflect long-term interest rates and life expectancy).

An **asset class** is a grouping of investments that have similar characteristics and are subject to the same laws and regulations. Equities (stocks), fixed income (bonds), cash and cash equivalents, real estate and commodities are all examples of asset classes.

A **benchmark** is a measure against which the investment performance of a fund is judged. The benchmark chosen will be appropriate to what a fund seeks to achieve over a period of time. Benchmarks are typically stock market indices (such as the FTSE All-Share Index) or measures of inflation (such as the Consumer Price Index) or interest rates (such as the Bank of England Base Rate).

A **beneficiary** is a member of the Mastertrust who is entitled to a benefit from the scheme or a dependant who will become entitled on the death of the member.

Benefits are any payments made to a beneficiary, including tax-free lump sums, pension payments and death benefits.

Bonds include government bonds (bonds issued by UK government are known as 'gilts') and corporate bonds (issued by companies). They are a form of loan where the bond issuer promises to repay the loan when the bond matures and pays interest to the bond holder in the meantime.

A **default investment arrangement or strategy** is the fund or mix of funds (often changing as a member approaches retirement) in which contributions will be automatically invested in the absence of the member making any explicit fund choices. These enable members to join the Mastertrust if they don't want to or don't feel able to make investment choices.

A **deferred member** is a person for whom contributions have stopped and who is entitled to a deferred pension.

Defined contribution (DC) is sometimes referred to as money purchase benefits. These are benefits or schemes where contributions for each member are invested in a fund or funds and the size of the benefits payable at retirement depend on the amount contributed and the investment return of the funds over the years. While the contribution rates are known, there are no guarantees on the level of benefits paid at retirement (as would be the case with a defined benefit or final salary pension scheme). The Mastertrust provides benefits on a defined contribution basis.

Environmental, social and governance (ESG) are risk factors which can affect the investment performance of an asset – for instance, climate change or pollution, exploitation of third-world labour (leading to adverse publicity which affects sales) or poor corporate governance (where, for example, a company may mislead consumers or shareholders or potentially breach company law or other applicable rules or regulations).

Equity is another word for company shares traded on the UK and other stock markets around the world. Shareholders have a stake in the 'equity' or market value of a company.

The fund management charge (FMC) is the charge made by the manager of the fund to cover the cost of investing the member's pension pot. The level of FMC depends on which funds a member is invested in.

Gilts are a form of bond issued by the UK government.

Index funds (also known as passive management or tracker funds) refer to funds where an investment manager holds, buys and sells the underlying assets of a fund with the aim of following changes in a benchmark market index (such as the FTSE All-Share Index) as closely as possible. In practice the fund will not exactly follow changes in a market index because the fund incurs transaction costs that an index does not have. Members invested in this type of fund are exposed to the risk of changes in the market index that the fund tracks.

Investment performance (or investment returns) in relation to unit-linked funds relates to the change in the fund's unit price over a period expressed as a percentage (per annum over one year, three years etc.). Investment performance will be positive when unit prices have risen or negative when unit prices have fallen.

Investment risk – may include several investment risks (including market risk) which can affect the value of an asset or a fund.

A **lifestyle strategy** (or lifestyle option) is an investment strategy which automatically moves members from investing in funds expected to give good returns relative to inflation, to funds usually taking a lower level of investment risk as members approach their selected retirement date.

A **master trust** is an occupational pension scheme established by declaration of trust which has been created to provide benefits to employees of employers which are not connected with each other and where each employer group is not included in a separate section with its own trustees.

A **multi-asset fund** is a fund which invests in several asset classes. The fund manager may alter the proportions invested in each asset class from time to time to reflect economic and stock market conditions.

A **participating employer** is an employer who has signed up to take part in the Mastertrust (by completing a legal agreement) and makes, or has made, contributions to the Mastertrust.

The Pensions Regulator (TPR) is appointed by the UK Government and is responsible for monitoring the governance of all pension schemes established under a trust and issues guidance on how trustees should implement legislation. TPR is also responsible for the authorisation of master trusts and for ensuring employers comply with their automatic enrolment duties.

Target Date Funds are a series of funds whose investment strategy is geared towards retirements taking place during the years each target date fund refers to. When members are some years from retirement the funds' investment strategy will aim to provide good returns relative to inflation. As a fund's target retirement date approaches, the investment strategy reduces the level of risk being taken and aligns the fund's underlying assets with the benefits members are expected to take at retirement.

Transaction costs are described in [section 3](#) of this statement but are broadly the costs that a fund manager incurs when buying or selling the underlying assets of a fund.

Underlying assets are the investments a fund holds, for instance, a global equity fund will hold shares of companies around the world or funds which in turn invest in each stock market around the world.

Unit prices for unit-linked funds are usually set daily. The unit price varies according to the value of the assets in which the fund invests (so in a rising stock market the unit price of an equity fund will go up). The costs and charges for each fund are deducted before the unit prices for each day are calculated.

White labelling is where a fund or collection of funds have been 'wrapped together' and often given a simple name to describe how or where a fund is invested, or which include a reference to the name of the participating employer.



MASTERTRUST

Independent Board of Trustees

