Statement of the Chair of the Trustee for the Aspire Defence Services Limited Retirement Savings Plan for the year ending 5 April 2021

Introduction and Background

The Aspire Defence Services Limited Retirement Savings Plan ("the Plan") is a Defined Contribution (DC) pension scheme. This means the level of benefits members will receive when they retire is not guaranteed, but instead depends on factors such as the amount of employer and employee contributions paid, and the investment returns earned on those contributions. How members choose to withdraw their benefits when able to, will also have a bearing on their income during retirement.

Since 2015, trustees of DC pensions schemes such as the Plan, have been required to produce an annual statement, signed by the Chair of the trustees, setting out how they have met with required governance standards as they relate to their management of their DC scheme. The aim of these requirements is to help members achieve a good outcome from their pension savings.

I hereby confirm that I, Lynne Stewart, on behalf of PAN Trustees UK LLP (the Plan Trustee), have been appointed as Chair of the Trustee for the purpose of completing this statement and I am authorised to sign this statement on behalf the Trustee. This is the Trustee's second such statement, following the de-merger from the Federated Retirement Savings Plan and resulting establishment of the Plan, with effect from 5 April 2019.

This statement is produced in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the Regulations) and describes how the Trustee has met the statutory governance standards, covering:

1. The default investment strategy, including its governance;

2. Requirements for processing financial transactions;

3. Assessment of charges and transaction costs; and

4. The requirement for trustee knowledge and understanding.

This statement also contains a 'Value for Members Assessment' - an assessment of the Plan in terms of whether and how it represents Value for Members, along with details of charges and transaction costs borne by members and illustrations of the cumulative impact of those charges and costs on member funds.

This statement covers the period from 6 April 2020 to 5 April 2021. A copy has been incorporated into the Trustee's annual report and accounts, which is available on request to members and beneficiaries of the Plan and members' appointed representatives.

Outcome of Plan Review

Although outside of the period covered by this statement, the Trustee is taking this opportunity to summarise the outcome of a review undertaken by Aspire Defence Services Limited ('the Company') and action subsequently taken by the Trustee, following the outcome of the Company's review.

On 29 June 2021, the Company wrote to active members (who are current employees) confirming the outcome of its review and following its consultation with active members. In summary, the Company determined to close the Plan to new members and future contributions with effect from 30 June 2021. Since 1 July 2021, all ongoing contributions have made to the LifeSight master trust.

The Company explained that part of its rationale behind the decision is the LifeSight master trust is much larger than the Plan and so can provide several additional benefits for members, including:

- Reduced charges.
- More flexibility in how pensions can be taken, without having to transfer their benefits to another arrangement.
- Access to higher quality communication materials together with greater on-line functionality and retirement guidance.
- Access to more up-to-date investment fund options.

Following the Company's decision, the Trustee considered how the Plan should continue to be managed, the options being to continue to operate the Plan, albeit as a closed scheme, or to transfer all members and members individual accounts to a new arrangement and subsequently wind-up the Plan. As part of its review process, the Company requested the Trustee to agree to transferring all Plan benefits to the new scheme.

The Trustee concluded that the interests of members would be better served by pursing the transfer approach and further concluded it appropriate to transfer members individual accounts in the same direction as ongoing contributions – to the LifeSight master trust. The Trustee was satisfied this approach would provide better value for members compared with continuing to operate the Plan as a closed scheme.

In August 2021, the individual accounts of all members were transferred to the LifeSight master trust. The Trustee wrote to all members to confirm the transfer and amounts transferred.

The Trustee expects to shortly trigger a wind-up of the Plan, in line with the powers set out within the Plan's Trust Deed and Rules.

Reflecting the above, I expect this will be the last annual statement prepared by the Trustee. Further, given the significance of these decisions, certain trustee-related activities are or maybe impacted. Where this is the case, it is referred to within this statement.

1. The default investment strategy

"The Trustee regards the provision of a default investment arrangement that increases the likelihood of members experiencing good outcomes in retirement as one of their most important responsibilities".

Until 1 July 2021, the Plan was used as a 'Qualifying Scheme' for 'auto-enrolment' and as such, the Trustee was required to operate a 'default investment strategy' – a strategy that will automatically apply to a member's existing fund and any contributions that are made, in the absence of a member making active investment decisions. The default investment strategy is designed and monitored by the Trustee, after having taken suitable investment advice, with the primary objective of maximising returns over the long term, at an acceptable level of risk.

Statement of Investment Principles

Details of the default investment strategy can be found within the most recent Statement of Investment Principles ("SIP") dated 15 September 2020, a copy of which can be found in Appendix D. The statement explains the Trustee's approach to investment governance, objectives and strategy and provides detailed information on the default investment strategy and alternative 'self-select' investment options that were available to members. The statement also takes account of the Trustee's views on Social, Environmental Governance ('ESG') considerations (including but not limited to climate change) and the stewardship in the selection, retention and realisation of their investments (including how any voting rights are exercised). This incorporates details of the arrangements in place with the Plan's investment managers. This includes monitoring and assessing:

- their philosophy for assessing and engaging with the businesses and institutions they invest in;
- the stewardship of those investments, including exercising of rights (including voting rights) attaching to investments;
- the ongoing costs and frequency of trading;
- their approach to Environmental, Social and Governance (ESG) policies.

Implementation Statement

The Trustee is also required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the Plans' Statement of Investment Principles during the previous Plan year. This is referred to as the Implementation Statement. The statement also includes details of any reviews of the statement during the year, any changes that were made and reasons for the change.

A description of the voting behaviour during the year, either by or on behalf of the Trustee, or if a proxy voter was used, is also included within this statement.

A copy of the Trustee's Implementation Statement, covering the period from 6 April 2020 to 5 April 2021 has been incorporated into the Trustee's annual report and accounts.

Investment Options

The 'Default Lifestyle Option' (the Plan's default investment strategy) is a 'lifestyled' strategy targeting an 'annuity' or pension benefit outcome at retirement. For members that that don't feel the Default Lifestyle Option, is right for them – either from a risk perspective, or a benefit outcome perspective, a range of funds are also available on a 'self-select' basis.

During the 'growth phase' of the Default Lifestyle Option, which spans the time from a member joining the Plan until 8 years from their target retirement date (age 65 in the absence of selecting a different age), the primary objective is to maximise returns over the long term at an acceptable level of risk. During this period 80% of the member's individual account will be predominantly invested in the Global Equity Index Fund and 20% invested in the Active Balanced Bond Fund. During the 'consolidation phase' (the 8 years leading up to a member's target retirement date), the member's individual account and contributions are gradually switched, initially into Long Gilts Fund and then into the Cash Fund. This switching process is aimed at both reducing risk whilst also targeting a 'annuity' benefit outcome at retirement and can be summarised by the following table:

Years from retirement	8+	7	6	5	4	3	2	1	0
Switching Period (in years)	0	1	2	3	4	5	6	7	8
Global Equity Index Fund	100%	70%	60%	50%	40%	30%	20%	10%	0%
Active Balanced Bond Fund	20%	20%	20%	20%	20%	20%	20%	20%	20%
Long Gilts Fund	0%	10%	20%	30%	35%	40%	45%	50%	55%
Cash Fund	0%	0%	0%	0%	5%	10%	15%	20%	25%

Further information on the investment Plan's investment options can be found in the members Explanatory Guide, a copy of which is available on request.

Investment Reviews

The Trustee is required to formally review the default investment strategy at least every three years or immediately following any significant change in investment policy or the Plan's member profile.

A review of the investment options made available to members was last undertaken by the Trustee (based on advice from its investment adviser, Jagger & Associates Limited) in 2019.

As part of its review, the Trustee carried out a demographic analysis of the membership. This analysis had the following objectives:

- To improve the Trustee's understanding of the current profile of the Plan's membership;
- To help the Trustee design an appropriate investment strategy; and
- To help the Trustee design an appropriate member communication strategy.

These objectives combined, would help to ensure the structure and design of investment proposition is based on the membership profile, where practical to do so.

As a result of the review, the Trustee considered it appropriate to potentially introduce 'encashment' and 'drawdown' lifestyle investment strategies, as alternatives to the default investment strategy outlined above, as well as making some changes to the funds available. As a result of the coronavirus pandemic, the Trustee put these potential changes on hold. Following the Company's decision to close the Plan, the Trustee determined these potential changes would no longer be considered.

Investment Monitoring

In addition to undertaking regular strategy reviews, the Trustee also regularly reviews the performance of the current default investment strategy and the wider investment options. This review includes an analysis of fund performance and member activity to check that the risk and return levels meet expectations. On a regular basis, the Trustee receives, and reviews performance monitoring reports produced by the Trustee's investment adviser and / or investment platform provider. These are formally reviewed at scheduled Trustee meetings.

The Trustee can confirm it has considered the returns of the default investment strategy and these have been consistent with the Trustee's current aims and objectives for that strategy, as set out within the Statement of Investment Principles.

2. Requirements for processing financial transactions

"Reliable internal controls are essential to the security of members' benefits and the provision of a first-class member experience".

Service Levels and Service Monitoring

The core financial transactions, including investment of contributions, transfers in and out of the Plan to members and / or their beneficiaries, and transfers / switches of assets between different investments in the Plan, have generally been processed promptly and accurately as evidenced by administration reporting, provided by Capita, the Plan administrator. Administration reports are prepared for the Trustee on a quarterly basis.

Agreed service levels (SLAs) are in place between the Trustee and Capita, with each administration report requested providing a full reconciliation of work undertaken and timescales achieved against agreed service levels for each 'job type'. These typically cover, but are not limited to, ensuring that the following activities are processed promptly and accurately:

- Contribution receipts and subsequent investment of contributions;
- Benefit / retirement quotations;
- Transfers out of the Plan;
- Leaver Statements;
- Investment switches;

- General enquiries and data changes.

Each administration activity is allocated based on job type and age profile. This means, any case where information has returned from a third party will be prioritised and progressed in a timely manner. The prioritisation process ensures key dates are met, sensitive and urgent cases are treated as such, and member experience is protected, particularly where the processing of financial transactions are involved.

We are pleased to be able to report, that for the period covered by this statement, average performance against agreed SLAs has been 98.68% (95% for the period from 1 April 2019 to 31 March 2020).

The Trustee is not aware of any material issues that negatively impacted the processing of core financial transactions and that where service levels in this area have not been met, for most cases the timescales achieved have fallen shortly outside the agreed SLA or mitigating circumstances have prevented the SLA from being met. For activities completed outside of the agreed service level, specific details of cause and actions taken, and resolution are reviewed, and remedial action taken where required.

Capita has reported to the Trustee that no complaints were received from members for the period covered by this statement.

The timeliness of contribution receipts and subsequent investment of contributions received is also monitored. During the period covered by this statement, all contributions were received and invested, within statutory deadlines.

The Trustee has not sought to benchmark the Scheme's SLAs against other Capita clients or against other pension schemes which are not administered by Capita.

Internal Controls

In accordance with the ongoing administration reporting arrangements, controls are in place to monitor and ensure that core financial transactions are and continue to be processed promptly and accurately. This includes regular monitoring of bank accounts, and 'four eyes' checking of investments and banking transactions.

These controls, along with service levels and any service issues are reviewed at each Trustee meeting. This includes utilisation of a workflow management system to monitor Plan and member related activities and related performance against service levels and forward planning of regular annual activities and events.

The monitoring of administration and core financial transactions is also reflected in the Plan's Risk Register and is a standing item on the agenda for Trustee meetings. The Trustee also reviews Capita's most recent Internal Controls report (AAF 01/06) on an annual basis.

On behalf of the Trustee, Capita also review the processes in place to identify potential 'pension scams' and clear information on how to spot a scam is included in all relevant member communications.

In support of the administrator being able to correctly calculate and process member benefits, the Trustee regularly assesses the quality of the Plan's data, by reference to the Pension Regulator's 'common' and 'conditional' data requirements. Where data gaps are identified, the Trustee has taken appropriate remedial action. The last review was undertaken in June 2020.

Further scrutiny of transactions and reporting and controls can be found within the Plan's Annual Report & Accounts. As part of the annual audit process the auditor included testing of a sample of financial transactions for accuracy and timeliness.

The Trustee is confident that the processes and controls that have been in place with the administrator are robust and have ensured that the financial transactions which are important to members have been dealt with properly.

3. Assessment of charges and transaction costs

"The Trustee believes that good value is about demonstrating that the Plan's services represent a good use of resources versus comparable alternatives available to the Trustee."

The Trustee is required to set out the on-going charges borne by members in this statement. Typically, these consist of an annual management charge (AMC) per fund plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the 'total expense ratio' ('TER') or Ongoing Charges Figure ('OCF') . The OCF is paid by the members and is reflected in the unit price of the funds that members choose to invest in.

The Trustee is also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Plan's fund managers buy and sell assets within investment funds.

Aside from investment management charges and investment transaction costs, all other costs associated with running the Plan, are borne by the sponsoring employer and therefore have no bearing on member charging. However, for completeness we have referred to these as part of our assessment of Value for Members, which can be found in Appendix A.

The charges and transaction costs that apply to the default investment strategy, and for each fund which members can select and in which assets relating to members are invested during the scheme year are recorded in Appendix B. All charges and transaction cost details disclosed have been provided by Phoenix CIS (and the underling investment managers).

On the grounds of materiality and reflecting the transfer all members and members individual accounts to the LifeSight master trust in August 2021, the Trustee has determined to replicate, within Appendix B, the charges and transaction costs included within last year's statement and incurred in the period 6 April 2019 to 5 April 2020. The Trustee is satisfied the charges and costs disclosed are comparable to those that applied in the period covered by this statement.

Examples of the cumulative effect of costs and charges on member funds are also set out in Appendix C. In preparing Appendices B and C of this Statement, the Trustee has had regard to statutory guidance published by the Department for Work and Pensions and have not deviated from that guidance. As above, the projections set out in Appendix C, reflect the investment charges and transaction costs incurred in the period 6 April 2019 to 5 April 2020.

We are pleased to be able to say, the Ongoing Charges Figure applicable to the default investment strategy, as well as funds available on a self-select basis fall significantly below the Charge Control cap of 0.75% required by pension scheme regulations. Transaction costs are generally negative or minimal.

In preparing this statement, we were able to obtain all relevant charge and transaction cost information.

The Trustee is comfortable that the member borne charges are competitive, offer value for money and are kept under a continuous review.

4. The requirement for trustee knowledge and understanding

The Trustee spends an appropriate amount of time running the Plan in relation to the size and complexity of the arrangements and in doing so is also required to maintain an appropriate level of knowledge and understanding, which together with professional advice enables them to properly exercise their functions and duties in relation to the Plan. During the period covered by the statement, the Trustee held 3 formal meetings.

The Plan's Trustee is required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. Each designated member of the Trustee must:

- Be conversant with the Trust Deed and Rules of the Plan, the Plan's Statement of Investment Principles and any other document recording policy for the time being adopted by the Trustee relating to the administration and management of the Plan generally. The Trustee will refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan and where relevant, deciding individual member cases.

- Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as a designated member of the Trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustee has measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding.

All the designated members of the Trustee are familiar with and have access to copies of the current Plan governing documentation, including the Trust Deed & Rules (together with any amendments), the statement of investment principles and key policies and procedures.

Further, each designated member considers that they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties, supplemented where appropriate in specialist areas by delegation to/support from their legal advisers, their auditors, administrators, and investment advisers.

PAN Trustees UK LLP, as sole Trustee of the Plan, is represented by two of its longest standing LLP members, Lynne Stewart, and Steve Delo. Individually, both are experienced professional independent trustees who have been Accredited by the Pensions Management Institute and have between them 45 years of trusteeship experience and over 70 years of pensions industry experience, including long term DC experience. Both have been deemed fit and proper persons to act as Trustees of Authorised Master Trusts and have extensive practical experience of DC pension arrangements. Lynne and Steve have worked together for over two years and between them their collective knowledge and experience covers the areas critical to the governance of the Plan, including understanding trust law and DC pensions, investment strategy setting, governance approaches, risk management, communication / engagement methods, member options and behavioural finance.

By combining these perspectives with appropriate support by advisory organisations with skills in DC advice, collectively the Trustee can make effective decisions on most issues that emerge. Any areas of weakness or knowledge gaps can therefore be readily identified enabling appropriate training and/or advice to further support decision-making in that area to be sought.

Both Lynne and Steve carry out significant continuing professional development (CPD) in respect of their role, which is formally recorded centrally. CPD during the year included structured training, wide reading of pensions industry materials and news developments, face to face engagement with industry participants and thought leaders, advisory sessions, conferences and seminars and on-line training.

To help achieve the above, each representative of PAN Trustees UK LLP All is expected to ensure that he or she meets the Pension Regulator's (TPR) Trustee Knowledge and Understanding requirements. This includes completing TPR's Trustee Toolkit. The Trustee Toolkit is an online learning program aimed at trustees of occupational pension schemes. It contains modules and resources on the law relating to pensions and trusts, and the principles relating to the funding and investment of occupational pension schemes. It is designed to help trustees meet the minimum level of knowledge and understanding required under the Pensions Act 2004.

PAN Trustees UK LLP is also able to draw on the extended experience of the full Board of LLP members. Each such member is an experienced pension professional and trustee.

The Trustee is also cognisant of the necessity to take advice as and when required and would seek legal advice from the Plan's legal advisers in any contentious cases/situations or if they are unclear in any aspect of the operation of the Trust Deed and Rules. The Trustee can confirm that there were no contentious cases to consider in the Plan year and therefore we did not seek any legal advice concerning these matters in this period.

Considering the knowledge and experience of the Trustee with the specialist advice received from the appointed professional advisers the Trustee is confident it is well placed to exercise its function as Trustee to the Plan, both properly and effectively and is satisfied it has sufficient knowledge and understanding of all subject areas required.

In last year's statement, I indicated the Trustee would undertake a formal review of the effectiveness of the Trustee Board, both on an individual and collective basis, in 2021. Following the transfer of all members and members individual accounts to the LifeSight master trust in August 2021, this review will not now take place.

Summary

The Trustee has considered how the Plan has been governed , by reference to Sections 1. – 4. above. This includes service standards being provided in terms of scheme administration (including processing core financial transaction, scheme records and scheme governance), member communication, investment proposition and investment returns. The Trustee has also considered the type and level of charges borne by members, as well as how the Plan's costs and charges compare to similar and alternative pension schemes.

It is our view that the Plan, including member borne costs and charges, does not represent optimum value for its Members. Our Value for Members Assessment and Statement is set out in Appendix A.

Signed for and on behalf of the Plan Trustee by Lynne Stewart in my capacity as Chair of the Trustee of the Aspire Defence Services Limited Retirement Savings Plan.

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Lynne Stewart, Chair of the Trustee for the Plan

Date……………………………………………. 27th October 2021

Appendix A: Value for Members Assessment and Statement

Value for Members Assessment

To assess the Plan in terms of how it represents Value for Members, the Trustee has considered the following evidence:

- Statement of Investment Principles, dated 15 September 2020;
- 2019 Investment strategy review, including members analysis;
- Quarterly investment performance monitoring reports;
- Plan Guide, dated March 2020
- Quarterly administration reports;
- Trustee's Annual Business Plan;
- Trustee's Risk Register
- The commentary from our independent auditors contained within the Plan Report & Accounts;

Also, the Trustee has taken account of the following:

1. The costs of the Plan are predominantly borne by the sponsoring employer, leaving only investment costs which are borne by Plan members. Details of these charges are set out in Appendix B.

2. The Annual Management Charges applicable to the funds that comprise the default investment strategy and for all funds available on a self-select basis are also below the 0.75% charge cap.

3. The Trustee has gained an evidenced understanding of the nature and 'needs' of Plan members by carrying out analysis of the Plan's demographic profile.

4. The investment reviews carried out by the Trustee have used the findings of the above analysis to inform the design of an appropriate portfolio of investment options.

5. Furthermore, this analysis, along with the Trustee's broad knowledge of the membership of the Plan is used to inform targeted member communication campaigns as and when required.

6. Appointed Investment managers and investment returns are assessed by the Trustee in liaison with their investment advisers on a quarterly basis, using performance reports prepared by the Trustee's investment adviser and / or investment platform provider.

The Trustee has also taken in to account the Pensions Regulator's Code of Practice No.13 (Governance and administration of occupational trust-based schemes providing money purchase benefits) (DC benefits).

Costs borne by Plan members

The Trustee has obtained from Phoenix CIS, details of ongoing charges and transaction costs that applied (or may have potentially applied) to the investment funds available to members.

Actual and potential transaction costs disclosed by Phoenix CIS, include (but may not be limited to):

- Transaction taxes
- Broker commission
- Implicit costs
- Entry/exit charges
- Other transaction costs
- Indirect transaction taxes
- Indirect broker commission
- Indirect implicit costs
- Indirect entry/exit charges
- Indirect other transaction costs
- Indirect transaction costs - external funds
- Anti-dilution offset
- Indirect anti-dilution offset

Details of the ongoing investment charges and transaction costs disclosed by Phoenix CIS, are set out in Appendix B. The cumulative effect of costs and charges on member funds are set out in Appendix C.

Costs borne by the employer

As mentioned elsewhere in this statement, in carrying out this assessment, the Trustee has taken the view that costs borne by the sponsoring employer will have a positive effect on Value for Members who are only paying investment charges. The employer-borne costs which have been taken into consideration are as follows:

1. Administration costs

2. Cost of running the Trustee Board

3. Cost of advice/suppliers of professional services

Value for Members Statement:

There is no legal definition of "good value" and so the process of determining good value for members is a subjective one. The Trustee also notes that value for money does not necessarily mean the lowest fees or costs, and the overall service and quality of the service received has also been considered in this assessment.

The Trustee has reviewed the Plan in its current form and acknowledge that whilst the member borne costs are low, the continued use of this arrangement no longer represents optimum Value for its Members.

Both the Company and the Trustee believe a strategic change to the Plan, from its current form to the LifeSight master trust, a newer, more flexible product for on-going pension contributions and existing funds, is considered appropriate and in members best interests. Transferring members individual accounts formed a key part of this change. The absolute aim of this change is to secure better Value for Members through lower charges, access to improved technology, flexible access to pension funds, financial education, and a wider range of investment choices to meet changing needs and requirements.

The positive reasons for concluding the Plan provides Value for its Members is based on the evidence listed above and includes, but is not limited to, the following:

- The oversight and governance of the Trustee, including ensuring the Plan is compliant with relevant legislation, such as the charge cap, and holding regular meetings to monitor the Plan and address any material issues that may impact members.
- The Trustee is comfortable with the quality and efficiency of the administration processes, including processing of financial transactions.
- Members of the Plan pay only investment charges and transaction costs, with the sponsoring employer bearing most of the costs of running the Plan.
- The investment charges borne by members compare favourably with similar schemes and for all investment funds available to members, fall well below the 0.75% charge cap.
- The fund charges are competitive for the types of fund available to members.
- The investment options offered to members (including the default investment strategy) have been designed to reflect members' needs according to third party data analysis of the Plan's demographic profile.
- The investment choices offered to Plan members are subject to regular review to ensure the investment options continue to meet member needs. Whilst the investment options do not include lifestyle investment strategies that target different benefit outcomes to the default investment strategy (including 'encashment' and 'drawdown'), the Trustee offers members the ability to invest in a range of self-select funds.
- Both the investment manager and the funds under management are assessed by the Trustee in liaison with their investment advisers on a regular basis and at each Trustee meeting.
- The returns on the investment funds members can choose during the period covered by this statement have been consistent with the Trustee's stated investment objectives
- The Trustee ensures ongoing communications and engagement activities provide ample information, learning and engagement activities to encourage Plan members to make informed decision and changes to their investment options and retirement planning, if this is an appropriate course of action to suit their circumstances.

The negative reasons for concluding that the Plan does not provide optimum Value for its Members is based on, but is not limited to, the following:

- The Plan does not offer members the ability to view and manage their individual accounts on-line. Whilst member engagement with online management can generally be low, the Trustee accepts this position detracts from the Plan's value.
- The existing communication and engagement framework and member support, including pre and at retirement support is limited. This includes both online and offline support.
- The Plan provides a limited investment offering and the current investment offering does not cater for the 'freedom and choice in pension' 'flexibilities' introduced in 2015.

It is for these and other reasons that the Trustee has concluded a change to the Plan, from its current form into a newer, more flexible product is considered appropriate, is in members best interests and ultimately provides better Value for Members.

Appendix B: Member Charges and Transaction Costs

Charges and transaction costs for funds within the default investment strategy for the Plan year ending 5 April 2020:

On the grounds of materiality and reflecting the transfer all members and members individual accounts to the LifeSight master trust in August 2021, the Trustee has determined to show, within this Appendix, the charges and transaction costs included within last year's statement and incurred in the period 6 April 2019 to 5 April 2020. The Trustee is satisfied the charges and costs disclosed are comparable to those that applied in the period 6 April 2020 to 5 April 2021.

Fund	Total Expense Ratio (TER)*	Transaction costs**
TEAMS Global Equity (60:40) 1% Outperformance Fund	0.450%	0.0007%
TEAMS Balanced Bond Fund	0.300%	0.0034%
TEAMS Long Gilts Fund	0.250%	0.0009%
TEAMS Cash Fund	0.300%	0.00003%

Charges and transaction costs for all funds members can invest in, on a self-select basis, for the year ending 5 April 2020:

Fund	Total Expense Ratio (TER)*	Transaction costs**
TEAMS Global Equity (60:40) 1% Outperformance Fund	0.450%	0.0007%
TEAMS Balanced Bond Fund	0.300%	0.0034%
TEAMS Long Gilts Fund	0.250%	0.0009%
TEAMS Cash Fund	0.300%	0.00003%
TEAMS UK Equity 1% Outperformance Fund	0.400%	-0.00006%

Notes for Appendix B

**Includes the annual management charge (AMC) plus any additional fund expenses, such as custody costs.*

***Transaction costs that have applied (or may have potentially applied) to the investment funds available to members.*

Note that a negative transaction cost can refer to things like anti-dilution measures put in place by the manager to protect existing investors, or to favourable market movements. It is effectively a 'saving' to existing members and reduces the impact of other charges. As it is an implicit, calculated cost, it would ordinarily be reflected within the unit price.

Actual and potential transaction costs - sourced by Phoenix Corporate Investment Services (CIS) directly from the fund manager - include those outlined in Appendix A.

Indirect transaction costs have been calculated assuming a static fund structure as of 31 March 2020 and are calculated in line with the Slippage Cost method as defined by the DC Workplace Pensions template (DCPT).

For any funds managed by a third party, where DCPT data is not available, the European PRIIPS or MIFID II templates are used. Where transaction cost information was not made available, a transaction cost approximation is used.

All charges and transaction costs have been provided by Phoenix CIS.

Appendix C: Projected Fund Values

On the grounds of materiality and reflecting the transfer all members and members individual accounts to the LifeSight master trust in August 2021, the Trustee has determined to show, within this Appendix, the pension pot projections included within last year's statement and incurred in the period 6 April 2019 to 5 April 2020. The Trustee is satisfied the projections disclosed and assumptions used, are comparable to those that applied in the period 6 April 2020 to 5 April 2021.

Default investment strategy - projected pension pot showing effect of charges and transaction costs produced in accordance with DWP guidance

Projected pension fund in today's money **We have assumed a starting value of £15,000, a salary of £30,000, combined contributions of 10%, and a 40yr old member, but other ages can be assessed using the following table**		
Default Investment Strategy		
Years	**Before costs and charges deducted**	**After charges deducted**
1	£18,267.00	£18,203.81
3	£24,976.49	£24,742.62
5	£31,926.97	£31,460.32
10	£50,415.03	£49,069.71
15	£70,608.17	£67,908.39
20	£91,621.14	£87,119.10
25	£104,975.39	£99,082.93

Notes (for the above and the following tables)

1. Projections are based on a 40yr old member, but other ages can be assessed using the table.
2. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
3. The starting pot size is assumed to be £15,000 - approximately the average value of a representative member within the scheme.
4. The average salary is assumed to be £30,000, and a combined contribution rate of 10% has been used – both of which are representative for the average younger member.
5. Inflation is assumed to be 2.5% each year.

Values shown are estimates and are not guaranteed.

Self-select funds - funds that members can self-select (including individual funds that comprise the default investment strategy) are shown below:

Projected pension fund in today's money		
TEAMS Global Equity (60:40) 1% Outperformance Fund (Gross Accumulation Rate = 4.90%)		
Years	**Before costs and charges deducted**	**After costs and charges deducted**
1	£18,360.00	£18,292.39
3	£25,323.86	£25,070.96
5	£32,625.99	£32,116.37
10	£52,471.08	£50,967.28
15	£74,814.68	£71,728.51
20	£99,971.33	£94,593.65
25	£128,295.20	£119,775.91

Projected pension fund in today's money		
TEAMS Balanced Bond Fund (Gross Accumulation Rate = 1.80%)		
Years	**Before costs and charges deducted**	**After costs and charges deducted**
1	£17,895.00	£17,849.49
3	£23,624.35	£23,462.97
5	£29,273.76	£28,964.37
10	£43,054.89	£42,242.05
15	£56,360.38	£54,866.82
20	£69,206.66	£66,870.78
25	£81,609.57	£78,284.45

Projected pension fund in today's money		
TEAMS Long Gilts Fund (Gross Accumulation Rate = 0.90%)		
Years	**Before costs and charges deducted**	**After costs and charges deducted**
1	£17,760.00	£17,722.36
3	£23,148.23	£23,016.85
5	£28,365.41	£28,117.16
10	£40,695.26	£40,064.48
15	£52,069.78	£50,946.31
20	£62,563.00	£60,857.66
25	£72,243.20	£69,885.09

Projected pension fund in today's money		
TEAMS Cash Fund (Gross Accumulation Rate = 0.90%)		
Years	Before costs and charges deducted	After costs and charges deducted
1	£17,760.00	£17,714.99
3	£23,148.23	£22,991.21
5	£28,365.41	£28,068.82
10	£40,695.26	£39,942.38
15	£52,069.78	£50,729.99
20	£62,563.00	£60,530.97
25	£72,243.20	£69,435.55

Projected pension fund in today's money		
TEAMS UK Equity 1% Outperformance Fund (Gross Accumulation Rate = 4.90%)		
Years	Before costs and charges deducted	After costs and charges deducted
1	£18,360.00	£18,300.01
3	£25,323.86	£25,099.35
5	£32,625.99	£32,173.40
10	£52,471.08	£51,134.26
15	£74,814.68	£72,068.65
20	£99,971.33	£95,181.97
25	£128,295.20	£120,701.01

Appendix D: Statement of Investment Principles

Aspire Defence Services Limited
Retirement Savings Plan

Statement of Investment Principles

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1.1 INTRODUCTION

This Statement of Investment Principles (the "Statement") has been prepared by the Trustee of the Aspire Defence Services Limited Retirement Savings Plan (the "Plan") in accordance with the following legislation:

- Section 35 of the Pensions Act 1995, as amended by the Pensions Act 2004; and
- The Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015; and
- Subsequent legislation.

The Statement outlines the principles governing the investment policy of the Plan and the activities undertaken by the Trustee to ensure the effective implementation of these principles. In preparing the Statement, the Trustee has obtained and considered written advice from a suitably qualified individual and consulted with the Sponsoring Employer. The advice and consultation process considered the suitability of the Trustee's investment policy for the Plan.

The strategic management of the assets is fundamentally the responsibility of the Trustee acting on expert advice and is driven by their investment objectives as set out below.

1.2 TRUSTEE

The Trustee of the Plan takes investment decisions through the use of an investment sub-committee comprising of trustee and employer representatives having received input from Jagger & Associates which is regulated by the Institute and Faculty of Actuaries in respect of a range of investment business activities. The Trustee is responsible for the following tasks:

- the ongoing approval of the content of the Statement;
- the appointment and review of the investment manager and investment adviser;
- the assessment and review of the performance of each investment manager;
- the assessment of the risks assumed by the Plan at a global level as well as on a manager basis;
- the compliance of the investment arrangements with those principles set out within the Statement;
- communicating details of the Plan to help members make informed retirement savings decisions and monitor their progress.

The full Trustee body reviews and then decides upon the recommendations of the investment sub-committee before any change in investment policy or investment manager.

As the Trustee uses pooled funds, their asset managers are not incentivised to align their investment strategy and decisions with the Trustee's policies, nor are they incentivised to make decisions based on assessments about medium to long-term performance of an issuer of debt or equity, nor to engage with those issuers in order to improve their performance. However, the managers may make such decisions and/or engage of their own accord.

Performance monitoring, manager remuneration and duration of manager appointments are covered elsewhere in this Statement or in the Trustee's Report & Accounts. As the Trustee uses pooled funds, there is no targeted portfolio turnover or turnover range.

As the Trustee uses pooled funds, they do not need to have an engagement policy in relation to monitoring the capital structure of companies they invest in, or any associated potential conflicts of interest.

The Trustee is aware that they must prepare a statement setting out how they have implemented their investment policies and explaining and giving reasons for any change made to them. It will also cover engagement policy, outlining how the various governance requirements have been followed during the year, and describes the voting behaviours of the asset managers on their behalf. They will include this implementation statement in the annual report and will ensure that the link included in the annual benefit statement sent to members also refers to this implementation statement.

1.3 INVESTMENT ADVISER

In preparing this statement the Trustee consulted with the principal employer of the Plan and has taken advice from Jagger & Associates.

The Trustee reviews the investment performance, investment strategy and manager arrangements from time to time, taking advice as required.

The Trustee's investment advisers are regulated by the IFoA under the DPB regime.

1.4 INVESTMENTS

1.4.1 Socially Responsible Investment and Corporate Governance

The Trustee believes that good stewardship, environmental, social and corporate governance ("ESG") issues can have an impact on investment returns. The Trustee has resolved that ESG should form part of any investment manager's investment selection and ongoing involvement regarding the portfolio.

The Trustee has delegated responsibility for the selection, retention and realisation of investment securities to each of its appointed investment managers and included within this each manager is required to advise the Trustee of its ESG policy and update the Trustee on an annual basis.

As part of the initial ESG policy introduction the Trustee has considered the ESG policies of the various managers and where passive funds are used emphasis is concentrated on the Governance aspect of ESG.

It is not the policy of the Trustee to impose restrictions on the managers. However, having considered the various manager ESG policies the Trustee is confident that ESG factors are taken into account when assessing sustainability in the exercise of their delegated duties.

The Trustee excludes other non-financial matters in the selection, retention and realisation of investments.

The Plan ensures that the votes attached to its holdings are exercised whenever practical. The Plan's voting policy is exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

Investment managers are expected to report on their adherence to these Codes from time to time.

1.4.2 Voting policy/Stewardship

The Trustee has concluded that the decision on how to exercise voting rights should be left with their investment managers who will exercise this right in accordance with their respective published corporate governance policies. These policies are provided to the Trustee from time to time and take into account the financial interests of the shareholders, which should ultimately be to the Plan's advantage.

Where the Trustee is specifically invited to vote on a matter relating to a policy or contract held with the Plan's investment managers, the Trustee will exercise its right in accordance with what it believes to be in the best interests of the majority of the Plan's membership.

1.5 MONITORING OF INVESTMENT ADVISER AND MANAGERS

1.5.1 Investment adviser

The Trustee measures the performance of their adviser on an on-going basis in a qualitative way.

1.5.2 Investment managers

The Trustee has arranged for regular performance measurement of the investments to be provided by their advisers and from the investment managers. The Trustee reviews the performance of the individual funds against the relevant benchmarks.

2.1 INVESTMENT OBJECTIVES

The Trustee recognises that members of the Plan have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee therefore makes available a range of investment options and a lifestyle strategy sufficient to enable members to tailor their investment strategy to their own needs. The Trustee also recognises that members may not wish or believe themselves able to make investment decisions. As such, the Trustee makes available a default investment arrangement

However, in order to moderate the administrative burden to the Plan and also to maintain simplicity, the number of investment options available to members will be limited.

2.2 INVESTMENT MANAGERS

The Trustee has delegated to their investment managers the discretion over the day to day management of their assets, including short-term asset allocation and stock selection, subject to the requirements of the Statement.

The Trustee, after considering appropriate investment advice, has appointed Phoenix CIS to manage the assets of the Plan.

The details of the pooled funds offered are detailed in Appendix A.

The Trustee ensures that its investment managers are properly regulated by the FCA in the conduct of investment business.

2.3 INVESTMENTS

2.3.1 Types of investments to be held

After due consideration, pooled funds have been chosen by the Trustee as the appropriate vehicle for the investment of the Plan members' assets, and for the following reasons:

- To achieve greater diversification and access to markets compared to investing directly into these markets;
- Transparency to members of the value of their savings;
- Simplification of administration.

The pooled funds offered and their benchmarks are set out in Appendix A.

2.3.2 Risk measurement and risk management processes

The Trustee believes that appropriate benchmarks for performance measurement have been identified for each of the Plan's funds. These have been determined in conjunction with the funds' investment managers and with advice from the Plan's investment adviser. From time to time, the Trustee will review the actual assets held by the chosen funds.

The retention of the investment manager and the inclusion of any particular fund in the range offered to members is reviewed following:

- Any significant event at the investment house;
- Any takeover activity involving the investment house;

- The fund breaching its mandate;
- Underachievement of the investment objective or exceeding the risk profile.

The Trustee has considered risk from a number of perspectives, both in relation to their default investment arrangement and wider fund choice. These are:

a) The risk that future investment returns over members' working lives do not exceed inflation and therefore undermine members' efforts to achieve an adequate retirement income.
b) The risk that unfavourable market movements in the years just prior to retirement lead to a substantial reduction in the anticipated level of members' retirement savings;
c) The risk that there are insufficient investment options available to members to allow them to meet their specific risk/return requirements;
d) The risk that the investment vehicles in which monies are invested under-perform in comparison to the investment managers' stated fund aims and objectives;
e) The risk that the investment profile of the default option is unsuitable for the requirements of some members.

The Trustee believes that the investment arrangements outlined are appropriate for meeting the risks outlined above. In particular, for members who do not wish to take up an active role in making investment decisions, the Trustee offers a default investment arrangement with lifestyling to help them manage the inflation and market movement risks outlined above.

2.3.3 Investment strategy

Defined contribution schemes place the investment risk with the individual scheme member. The Trustee has put in place a lifestyle default investment option for each employer, taking into account the workforce, as they believe that it offers the most appropriate balance between risk and reward throughout an individual's membership of the Plan.

The lifestyle investment option provides members that are some way from retirement, with appropriate opportunities for asset growth in exchange for a greater volatility in asset values and for those nearer to retirement, protection against volatility in annuity purchasing power and tax-free cash benefits in exchange for potentially lower asset growth.

Within a lifestyle investment option, a transition between asset types has been determined to strike an appropriate asset balance depending on the age of the member.

In addition to the lifestyle option, members are free to make their own choice of funds (known as a self-select option) from a range selected by the Trustee so as to provide a different spread of investment opportunities more specific to the members' individual needs.

Default Investment Option

A proportion of members will actively choose the default option because they feel it is most appropriate for them. However, the vast majority of DC scheme members do not make an active investment decision and are invested in the default option.

Objectives of the default option

The Trustee's objectives in relation to the default option, and the ways in which the Trustee seeks to achieve these, are detailed below:

- To generate returns in excess of inflation during the "growth" phase of the strategy.

- To provide a strategy that reduces investment risk for members as they approach retirement.
  As a member's pot grows, investment risk will have a greater impact on members' retirement outcomes. Therefore, the Trustee believes that a default option that seeks to reduce investment risk as the member approaches retirement is appropriate. This is achieved via automated lifestyle switches over a prescribed year switching period from growth assets to assets designed to be lower risk relative to the targeted form of benefits.

- To offer to members a mix of assets at retirement that are broadly appropriate for an individual to have a balance between purchasing a fixed annuity and taking cash.

  At the selected retirement date, 75% of the member's assets will be invested in a bond fund and 25% in a cash fund. Whilst returns from these asset classes are expected to be modest over the long term; they are employed in order to broadly match short term changes in the (explicit and implicit) costs of cash and annuity retirement benefits.

Policies in relation to the default option

- The default option manages investment and other risks throughout a member's lifetime via a strategic asset allocation consisting of equities, bonds and cash. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members.

- In designing the default options, the Trustee has explicitly considered the trade-off between risk and expected returns.

- If members wish to, they can opt to choose their own investment strategy on joining, but also at any other future date.

The Trustee believes that the funds offer members good value for money and; at the same time, significantly reduce the risks associated with poor investment manager performance relative to benchmarks.

- The investment manager has responsibility for buying and selling the underlying assets. All of the pooled funds used within the Plan and the default option operate daily dealing cycles.

- Investment managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those requirements

- Assets are invested mainly on regulated markets.

- The investment manager also has discretion to incorporate social, environmental and ethical considerations in exercising their delegated responsibilities.

Based on the Trustee's understanding of the Plan's membership, an investment strategy that targets the purchase of a fixed annuity and a tax-free cash lump sum (up to 25% of a members' pot) at retirement is expected to be broadly appropriate to meet a typical member's requirements for income in retirement. This is because:

Members seeking an adequate income in retirement will likely need to achieve real investment returns for most of their period as pension savers. The use of a fund with significant weightings in equities during the accumulation phase addresses that requirement.

The Trustee believes that most members save into a pension plan to achieve a stable income in retirement. The targeting of annuity purchase at retirement during the consolidation phase of the lifestyle strategy is aligned with that objective.

The default arrangement is aimed largely at members who do not feel capable of taking investment decisions. Again, the Trustee believes that annuity purchase at retirement is likely to be the preferred course for many such members, as opposed to say income drawdown which requires more intensive investment governance during retirement.

Almost all members withdraw tax-free cash at retirement. The use of the cash fund as part of the lifestyle strategy addresses that requirement.

This does not mean that members have to take their benefits in this format at retirement - it merely determines the investment strategy that will be in place pre-retirement. Members who intend to take their retirement savings through other formats have the option of choosing their own investment strategy.

Assets in the default option are invested in the best interests of members and beneficiaries, taking into account the profile of members. Taking into account the demographics of the Plan's membership and the Trustee's views of how the membership might behave at retirement, the Trustee believes that the current default options are appropriate and will continue to review these regularly, and more strategically at least triennially, or after significant changes to the Plan's demographic, if sooner.

The Trustee reviews investment performance and risk on a quarterly basis, and takes professional advice as appropriate.

In addition, the Trustee encourages input from the membership via management committees which have member representation.

2.3.4 Expected returns

The Trustee considers the range of funds offered to be appropriate for the Plan having regard to the profile of its membership and the Plan's overall investment objectives. The Trustee sought the advice of its investment adviser in their selection of suitable funds and will review the range of funds on a regular basis with its advisers. In particular, the following points should be noted regarding the expected returns of the available funds.

- Equities are expected to produce returns in excess of both salary and price inflation over the long term. Equity based funds are therefore deemed to be more appropriate vehicles to protect and enhance the real value of the assets of the younger members of the Plan, over the long term, which is a fundamental objective of the Trustee's investment policy.

- Over the longer term, bond investment is expected to provide lower returns than equity investment but with a lower level of volatility. However, investment in these asset types are primarily held to provide protection against the short-term fluctuations of equity markets during the period up to the conversion of the members' accumulated savings into annuities.

- This aspect, which is an objective of the Trustee's investment policy, occurs because annuity prices are linked to bond yields rather than equity prices.

- Cash is also expected to provide lower returns but with a correspondingly low risk profile. However, it is more suitable when converting savings to a tax-free cash lump sum (up to 25% of a members' pot). It is therefore deemed to be more suitable for members approaching retirement.

2.3.5 Realisation of investments

The Trustee's policy is to ensure that the assets invested are sufficiently realisable to enable the Trustee to meet their obligations to provide benefits as they fall due. The Trustee is satisfied that the arrangements in place conform to this objective.

3.1 COMPLIANCE

The Plan's Statement of Investment Principles and annual report and accounts are available to members on request.

A copy of the Plan's current Statement is also supplied to the Sponsoring Employer, the Plan's investment manager, the Plan's Auditors and the Scheme Actuary.

The Trustee will monitor compliance with this Statement annually. In particular it will obtain written confirmation from the investment managers that they have complied with this Statement as supplied to them and the Trustee undertakes to advise the investment managers promptly and in writing of any material change to this Statement.

This Statement of Investment Principles supersedes all others and was approved by the Trustee:

Date: **15 September 2020**

Appendix A – Investment Manager Information

The Plan invests in a combination of pooled funds using the Phoenix CIS Platform. Members are currently permitted to invest in the following pooled funds through the lifestyle option or the self-select option.

Within the Lifestyle option, until 8 years before target retirement age savings are invested in the Phoenix CIS Global Equity (60:40) Index Fund and the Phoenix CIS Active Balanced Bond Fund. Savings are then switched quarterly, according to a pre-determined matrix, to the Pre-Retirement Fund and the Cash Fund, according to members' proximity to retirement. The strategy is summarised in the following table.

Years to retirement	**Global Equity Index Fund**	**Active Balanced Bond Fund**	**Long Gilts Fund**	**Cash Fund**
More than 8	80%	20%	0%	
7	70%	20%	10%	
6	60%	20%	20%	
5	50%	20%	30%	
4	40%	20%	35%	5%
3	30%	20%	40%	10%
2	20%	20%	45%	15%
1	10%	20%	50%	20%
0	0%	20%	55%	25%

The table below shows the details of the investments held with Phoenix CIS which comprise the lifestyle strategy. These funds are also available as self-select options for members. The contract for all the funds is an insurance policy issued by Phoenix Wealth.

Fund	**Benchmark**	**Objective**	**Annual Management Fees**
Global Equity (60:40) 1% out performance Fund	60% FTSE All-Share Index 40% represented by the sub-divisions of a Developed World Index excluding the UK	To capture total returns of the UK and overseas equities markets and outperform the benchmark by 1% p.a. over a 3-year rolling period	0.40% p.a.
Active Balanced Bond Fund	Over 15 year gilts index (replaces the iBoxx Overall from 11/6/20)	To perform in line with the benchmark, gross of fees, on a rolling 3-year basis	0.25% p.a.
Long Gilts Fund	Over 15 year gilts index	To outperform the benchmark by 0.5% p.a. over a rolling 3-year period	0.25% p.a.
Cash Fund	7 Day LIBID	To perform in line with the benchmark, gross of fees, on a rolling 3-year basis	0.30% p.a.

All of the above funds are available as self-select with the addition of the fund below

Fund	**Benchmark**	**Objective**	**Annual Management Fees**
UK Equity 1% outperformance Fund	FTSE All-Share Index	To outperform the benchmark by 1% p.a. over a rolling 3-year period	0.35% p.a.