Chubb Security Pension Fund

(Fund Registration Number 10094555)

Annual Report For The Year Ended 31 March 2024

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The Trustee's Report

Introduction

The Trustee is pleased to present its report on the Chubb Security Pension Fund ("the Fund") for the year ended 31 March 2024.

The Fund is an occupational defined benefit pension plan established under English law by a Trust Deed and Rules dated 1 May 1980 and is currently governed by a replacement definitive Deed and New Rules (as subsequently amended) which was adopted on 19 May 2000.

The Fund is registered in the United Kingdom. The registered office is at Ground Floor, 2 Lotus Park, Staines, Middlesex, TW18 3AG.

In accordance with HMRC requirements the Fund is registered under Chapter 2, Part 4 of the Finance Act 2004. As a consequence, if payable, both employee and employer contributions are normally eligible for tax relief and income and capital gains earned by the Fund receive preferential tax treatment.

Following consultation with active members in accordance with legislation and after a period of reflection, the Principal Employer decided to proceed with its proposals to close the Fund to the future accrual of benefits. The closure became effective on 31 March 2020.

Management of the Fund

The Fund has a corporate Trustee, Chubb Security (Pensions) Limited, appointed by the Principal Employer. The names of the Directors of the corporate Trustee during the year, are as follows:

Name	Nominated/appointed by	Date of appointment	Date of removal
B D McGowan (Chairman)	Employer		
H Dulay	Members		
I Fixter	Members		
C Forbes	Employer		
W Jones	Employer		
K Krumm	Employer		5 June 2023
C Walters	Members		
K Bettmann	Employer	5 June 2023	

The Trustee is responsible for setting the strategy and for managing the Fund and the directors meet four times a year for this purpose.

All occupational pension schemes must implement arrangements that provide for at least one-third of the trustee directors to be member-nominated. The arrangements for the nomination and selection must be proportionate, fair and transparent.

Four directors of the Trustee company are appointed and removed by the Principal Employer and three directors are member nominated and are deferred or pensioner members of the Fund.

The Trustee has delegated the day-to-day management and operation of the Fund’s affairs to professional organisations.

The Trustee's Report (Cont)

Changes to Fund Rules

A Deed of Amendment dated 20 June 2023 aligned the Rules of the Fund (or vice-versa) with historical administrative practices in order to agree a benefit specification for the buy-in of the Fund liabilities. A separate Deed of Augmentation dated 20 June 2023 corrected a number of historical administration errors that had been identified under the benefit specification review.

The Principal Employer

The Principal Employer is:

Chubb International Holdings Limited, Ground Floor, 2 Lotus Park, Staines, Middlesex TW18 3AG.

Financial development of the Fund

The financial statements have been prepared and audited in compliance with regulations made under sections 41 (1) and (6) of Pensions Act 1995, save that the financial statements were not prepared and audited within the 7-month timeline.

During the year, the net assets of the Fund decreased by £41.4 million to £602.5 million as follows:

	£millions
Net withdrawals from dealing with members	(33.2)
Net returns on investments	(7.5)
Net decrease in the Fund	(40.7)

Fund membership

Details of the Fund membership at the end of the Fund year were as follows:

	2024	**2023**
	Number	**Number**
Deferred members	1,566	1,726
Pensioners	3,988	4,021
Total	**5,554**	**5,747**

Pensioners include 1,020 (2023: 999) individuals receiving a pension following the death of their spouse.

The above membership details include 87 (2023: 111) members for whom the Fund is in receipt of legacy annuity payments. On 20 June 2023, the Trustee entered into a bulk purchase annuity insurance contract with Phoenix Life Limited to secure future pension payments for all deferred and pensioner members of the Fund, except for the members benefits covered by the legacy insured annuity payments.

Defined contribution benefits

Whilst the Fund is a defined benefit pension arrangement it does (in addition to standard Additional Voluntary Contribution (AVC) arrangements) have some defined contribution (DC) benefits.

(a) DC benefits for some members who had short periods of membership after 5 April 1997 and who received a refund of part of their contributions. The DC benefits represent retained 'Protected Rights', a result of the method used by the Fund from 6 April 1997 to 'contract out' of the State Pension Scheme. These Protected Rights remained invested within the Fund's defined benefit (DB) investment strategy.

(b) DC 'underpin' accounts apply for some members, under which they will receive the greater of a DB entitlement and the comparable pension that can be secured by the DC underpin account. The Trustee has been advised by the Fund's administrator that, during the Fund year, comparable pensions that could be secured by DC underpin accounts were not expected to be greater. Benefits for these members are, therefore, expected to be DB in nature.

The Trustee's Report (Cont)

Fund advisers

The Trustee retains a number of professional advisers in connection with the operation of the Fund. In line with UK pension scheme best practice, the Trustee has a policy of periodically reviewing all of its external advisers and service providers.

The advisers currently appointed are as follows:

Scheme Actuary	P Houghton, Barnett Waddingham LLP
Advising Actuaries	Barnett Waddingham LLP
Administrator of the Fund benefits	Gallagher Benefit Services (formerly Buck Consultants (Administration and Investment) Limited)
Legal Advisers	CMS Cameron McKenna Nabarro Olswang LLP
Independent Auditors	PricewaterhouseCoopers LLP
Investment Managers	BlackRock Investment Management (UK) Limited (until 13 April 2023) Insight Investment Management Ruffer LLP (until 13 April 2023)
AVC provider	Aegon
Bulk Purchase Annuity Provider	Phoenix Life Limited (from 20 June 2023)
Investment Advisers	Barnett Waddingham LLP
Custodian of the Fund assets	Bank of New York Mellon
Covenant Adviser	Cardano
Bankers	Lloyds Bank plc
Secretary to the Trustee Directors	P Clarke – Barnett Waddingham LLP (until 13 September 2023) H Willcox – Barnett Waddingham LLP (from 13 September 2023)

Bulk Annuity Purchase

On 20 June 2023, the Trustee entered into a bulk purchase annuity insurance contract with Phoenix Life Limited to secure future pension payments for all deferred and pensioner members of the Fund at that date. Under this insurance policy, Phoenix Life began to make monthly payments to the Fund from December 2023 to cover the pensions in payment for pensioners in the Fund. The initial premium & true up payments/receipts totalling £543.8m were transferred from Insight by the Fund to Phoenix Life in June & July 2023 via payments of cash and transfers of stocks.

At the time of purchasing the buy-in policy there were a number of known data and benefit issues that needed further investigation. As a result, there is a slight mismatch between the benefits payable under the policy and those due from the Fund. In due course, the Fund will undertake a "true up" of the policy and agree a balancing premium with Phoenix Life to ensure the policy covers the actual benefits due from the Fund.

The Trustee's Report (Cont)

Tax status of the Fund

The Fund is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustee's knowledge, there is no reason why the Fund's registered status should be prejudiced or withdrawn.

Transfer values

All cash equivalents (transfer values) paid during the year were calculated and verified in the manner required by the Pension Schemes Act 1993 and subsequent amendments. No discretionary benefits are included in the calculation of transfer values. A cash equivalent is the amount which a Fund member is entitled under social security legislation to have applied as a transfer payment to another permitted pension arrangement or a buy-out policy.

Pension Increases

Pensions were subject to increases as at 1 April 2023.

For those members who joined the Fund after 1 December 1995, pensions increase by the lower of 5% or the increase in the Retail Prices Index (RPI). This is referred to as Limited Price Indexation (LPI). RPI measured as at September 2022 was 12.3% and the Fund has to provide this level of increase on all pensions earned on or after 6 April 1997.

Members who joined prior to 1 December 1995 continue to receive a minimum increase of 4% per annum (new basis) or 3% per annum (old basis). Such members will only receive increases above these minimum rates where the cumulative LPI increase exceeds their cumulative rate of increases over any two-year consecutive period, as provided by legislation.

The average increase in total pensions in payment in the year to 31 March 2024 was 3.8%.

Deferred pensions were increased in accordance with statutory requirements.

There were no discretionary pensions increases awarded during the year.

Increases to pensions in payment made in respect of members who joined the Fund before 1 December 1995 over the last ten years have been 4% per annum on total pension in payment except for;

- members who retained entitlement to old basis terms received 3% on the excess above the Guaranteed Minimum Pension from 1 April 2005 to 1 April 2015;
- members who have mixed benefits receive a combination of the increases applicable to old/new basis members.

Codes of Practice

The Trustee is aware of and adheres to the Codes of Practice issued by The Pensions Regulator ("TPR"). The objectives of these codes are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund ("PPF") and to promote good administration.

The Pensions Regulator: Record Keeping

TPR issues guidance on all aspects of pension scheme data record keeping to all those responsible for the data (the trustees) and those who administer pension schemes. The guidance covers both common data and scheme-specific data (conditional). The guidance sets out good practice in helping trustees to assess risks associated with record keeping. Improved data means that trustees and employers will be able to make a more precise assessment of their financial liabilities. Schemes are expected to keep their data under regular review and set targets for the improvement in the standard of data recorded.

More information can be found at:
https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/record-keeping

The Trustee's Report (Cont)

GMP equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of the state second pension must be recalculated to reflect the equalisation of state pension ages from May 1990 to April 1997 between men and women. In November 2020, a further ruling by the High Court determined that transfers out of a scheme in respect of members who had contracted out of the state second pension must also be recalculated to reflect the equalisation of state pension ages from May 1990 to April 1997 between men and women.

As a result, the Fund is required to equalise Guaranteed Minimum Pension (GMP) liabilities which will result in an increase in liabilities to provide benefits.

Under the ruling pension schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

The Trustee of the Fund has made an approximate financial allowance for this when calculating the liabilities as part of the actuarial valuation. However, the Trustee, with the help of its advisers, is still working through the detailed calculations required to work out any required adjustments to member benefits. As a result, a detailed estimate of the past service element, which would be applicable for the Fund financial statements, has yet to be estimated but the Trustee considers that it is likely to be immaterial to the financial statements.

Virgin Media case

In June 2023, the High Court handed down a decision in the Virgin Media Ltd versus NTL Pension Trustees II Ltd, which considered the implications of section 37 of the Pension Schemes Act 1993, which required that the rules of a salary-related contracted-out pension scheme cannot be altered, in relation to post April 1997 service, unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme. This decision was appealed to the Court of Appeal and, in July 2024, the Court of Appeal upheld the decision of the High Court.

The Trustee is monitoring the position and will consider the possible implications, if any, for the Fund of the above with its advisers and what steps, if any, it wishes to take. Therefore, it is not possible, at present, to estimate the potential impact, if any, on the Fund.

Contact for further information

If, as a Fund member, you wish to obtain further information about the Fund, including copies of the Fund documentation, your own pension position, or who to contact in the event of a problem or complaint, please write to or telephone: Gallagher the Fund administrators:

Gallagher Benefit Services (Edinburgh)
PO Box 321
Mitcheldean
GL14 9BG

Tel: 0330 123 9563, Or email: chubbpensions@buck.com

The Trustee's Report (Cont)

Statement of trustee's Responsibilities

The trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the trustee. Pension scheme regulations require, and the trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the fund during the fund year and of the amount and disposition at the end of the fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the fund year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the fund will continue as a going concern.

The trustee is also responsible for making available certain other information about the fund in the form of an annual report.

The trustee has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The trustee is also responsible for the maintenance and integrity of the https://chubbfs.com/uk-en/reports/ website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustee's responsibilities in respect of contributions

The trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the fund by or on behalf of employers and the active members of the fund and the dates on or before which such contributions are to be paid.

The trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the fund and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the fund in accordance with the schedule of contributions.

Where breaches of the schedule occur, the trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

The Trustee's Report (Cont)

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, 'Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under Section 222 of the Pensions Act 2004, the Fund is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to at the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Fund members on request.

The most recent full actuarial valuation of the Fund was carried out as at 31 March 2021. This showed that on that date:

The value of the Technical Provisions was:	£943.6m
The value of the assets was:	£923.3m

Therefore the Fund had a funding deficit of £20.3m corresponding to a funding level of 98%.

Following the completion of the 31 March 2021 actuarial valuation, an updated Schedule of Contributions certified 20 January 2022, was agreed. Under the Schedule, all fees and expenses are to be paid by the Fund and no further deficit contributions are due to be paid.

In years where there is no actuarial valuation, the Scheme Actuary produces an estimate of the funding position known as an actuarial report. The latest report was carried out as at 31 March 2023 and disclosed a funding level of 102%, corresponding to a funding surplus of £11.6m, when assessed using the method and assumptions set out in the Trustee's Statement of Funding Principles.

The next actuarial valuation is ongoing and will be carried out as at 31 March 2024 and must be completed by no later than 30 June 2025.

The method and significant actuarial assumptions used to determine the Technical Provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles dated 19 January 2022):

Method

The actuarial method used in the calculation of the Technical Provisions as at 31 March 2021 is the Projected Unit Method.

Actuarial assumptions – The key assumptions used as at 31 March 2021 are:

Discount rate	0.35% p.a. above the Bank of England gilt curve
Retail Prices Index (RPI) inflation	Bank of England implied inflation curve
Consumer Prices Index (CPI) inflation	Pre-2030: RPI less 0.8% p.a.
	Post-2030: RPI
Pension increases	Calculated as relevant inflation assumptions, taking into account any caps of collars based on a statistical model
Pre-retirement and post-retirement mortality table	110% of S3PA
Pre-retirement and post-retirement mortality projections	CMI 2020 with a long term rate of improvement of 1.75% p.a., an initial addition parameter of 0.75% p.a. and the default smoothing parameter and 2020 weight parameter
Allowance for cash commutation	25% of pension using cash factors in force at the valuation date uplifted by 10%
GMP equalisation/data and benefit uncertainty reserve	2% of liabilities
Allowance for expenses	2.5% of liabilities

The Trustee's Report (Cont)

Investment report

Investment managers

The Fund's Trust Deed and Rules permit the Trustee to delegate the task of investment management to outside experts. BlackRock Investment Management (UK) Limited ("Blackrock"), Insight Investment Management ("Insight") and Ruffer LLP ("Ruffer") are professional external investment managers and have taken full responsibility for investing the Fund's assets. The Trustee sets the investment strategy for the Fund after taking advice from the Fund's investment adviser. The Trustee has put in place a mandate with its investment manager which implements this strategy. The investment managers are remunerated by fees based on a percentage of funds under management, and these fees are met by the Fund.

Investment principles

The Trustee has produced a Statement of Investment Principles ("SIP") as required by section 35 of the Pensions Act 1995 and a copy of the statement is available online at the following address:

https://chubbfs.com/uk-en/wp-content/uploads/sites/2/2023/09/2023-September-CPP-Statement-of-Investment-Principles-Pension-Fund.pdf

During the year to 31 March 2024 the Funds investments were not in line with the SIP. There have been significant departures from the stated principles as the Fund changed its investments, in preparation for a buy-in transaction and the subsequent investment of the residual assets left over once the bulk annuity transaction had taken place.

Implementation Statement

There is a requirement for most trust-based defined benefit pension schemes to produce an annual Implementation Statement which covers the year. The Implementation Statement sets out how, and the extent to which, the Trustee has followed its policies on engagement and voting as set out in the Statement of Investment Principles over the Fund year, as well as a description of voting behaviour over the Fund year. The Fund's Implementation Statement, covering the period 1 April 2023 to 31 March 2024, is enclosed within this Annual Report from pages 32 and 33 and forms part of this Trustee's Report.

Changes to investments to the year-end

The Fund changed its investments, in preparation for a buy-in transaction. The Fund's holdings with Ruffer & Blackrock were fully disinvested on 13 April 2023 with £153.5m subsequently invested within the Insight LDI portfolio.

In June & July 2023, approximately £543.8m was transferred from Insight to Phoenix Life Limited to pay the initial premium and true up payments for the bulk purchase annuity contract, via a payment of cash and transfer of stocks.

Investment strategy

The Trustee's primary investment objectives are to ensure that: sufficient resources are available to meet all liabilities as they fall due in the long term. Having identified that the Fund had sufficient assets to secure a bulk annuity policy that would cover all of the accrued member benefits, the Trustee proceeded with a purchase of such a policy with Phoenix Life. This effectively transfers the investment risks in respect of these liabilities to Phoenix Life and therefore limits the risk of the Fund.

The Trustee's Report (Cont)

Voting rights and social, environmental and ethical considerations

The Trustee believes that environmental, social and governance (ESG) factors, including management of climate-related risks, are potentially financially material and therefore have a policy to take these into account, alongside other factors, in the selection, retention and realisation of investments. However, these factors do not take precedence over other financial and non-financial factors, including but not limited to historical performance or fees. The Trustee may consider both financial and non-financial factors when selecting or reviewing the Fund's investments.

The Trustee does not apply any specific ethical criteria to their investments.

As the Fund's residual assets are typically held in pooled funds, ESG considerations are set by each of the investment managers. The Fund's investment managers will ultimately act in the best interests of the Fund's assets to maximise returns for a given level of risk. The Trustee does not currently impose any specific ESG-related restrictions or requirements on the segregated mandate with Insight, so ESG considerations are determined at their discretion. The Trustee is aware of the approach that each of their investment managers take in relation to ESG considerations.

The Trustee believes that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns. The Trustee delegates the exercise of rights (including voting rights) attached to the Fund's investments to the investment managers. All of the Fund's managers are signatories to the UN Principles of Responsible Investment and the UK Stewardship Code.

In selecting, monitoring and reviewing their investment managers, where appropriate, the Trustee will consider investment managers' policies on engagement and how these policies have been implemented. The Trustee has not considered it appropriate to take into account individual members' views when establishing the policy on environmental, social and governance factors, engagement and voting rights.

Assets as at 31 March 2024

	31 March 2024		31 March 2023	
Fund	Valuation £000	Allocation	Valuation £000	Allocation
BlackRock Dynamic Diversified Growth Fund	-	-	54,508	8.5%
Ruffer Absolute Return Fund	-	-	108,994	17.0%
Insight Buy and Maintain Bonds	-	-	195,777	30.6%
Insight Segregated LDI	26,828	80.0%	276,302	43.2%
Chubb Common Investment Fund	-	-	19	0.0%
Bank of New York Mellon Cash and Liquidity	6,689	20.0%	4,652	0.7%
Total	**33,517**	**100%**	**640,252**	**100%**

Assets above excludes AVC investments and insurance policies.

The Trustee’s Report (Cont)

Performance to 31 March 2024

	12 months (%)		3 years p.a. (%)		5 years p.a. (%)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Chubb Security Pension Fund	1.6%	3.0%	-9.0%	-8.4%	-3.9%	-3.8%

Employer related investments

At 31 March 2024, the Fund had no employer related investments (2023: nil).

Nature, disposition, marketability, security and valuation

The Trustee has considered the nature, disposition, marketability, security and valuation of the Fund’s investments and considers them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the financial statements.

Custodian arrangements

Bank of New York Mellon acts as custodian for the Insight Investment Management segregated portfolios. These investments are held in a designated nominee account at Bank of New York Mellon, in the name of the Trustee of the Fund.

Approval of Trustee's Report

The Trustee’s Report on pages 1 to 10 was approved by the Trustee and signed on its behalf by:

____

B D McGowan

Date: ____________________________________

Summary of contributions payable in the year

During the year, no contributions were payable to the Fund by the Employer under the Schedule of Contributions certified 20 January 2022.

Approved by the Trustee and signed on its behalf by:

____

B D McGowan

Date: ____

Independent auditors' statement about contributions to the trustee of Chubb Security Pension Fund

Statement about contributions

Opinion

In our opinion, the contributions payable under the schedule of contributions for the fund year ended 31 March 2024 as reported in Chubb Security Pension Fund's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the fund actuary on 20 January 2022.

We have examined Chubb Security Pension Fund's summary of contributions for the fund year ended 31 March 2024 which is set out on the previous page.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the fund under the schedule of contributions, and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the trustee in respect of contributions

As explained more fully in the statement of trustee's responsibilities, the fund's trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the fund by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date:

Independent auditors' report

to the trustee of Chubb Security Pension Fund

Report on the audit of the financial statements

Opinion

In our opinion, Chubb Security Pension Fund's financial statements:

- show a true and fair view of the financial transactions of the fund during the year ended 31 March 2024, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Net Assets available for benefits as at 31 March 2024; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the fund's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the trustee of Chubb Security Pension Fund (Cont)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the trustee for the financial statements

As explained more fully in the statement of trustee's responsibilities, the trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the trustee is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to wind up the fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the fund and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the fund in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and

Independent auditors' report to the trustee of Chubb Security Pension Fund (Cont)

determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date:

The Financial Statements

Fund Account

for the year ended 31 March 2024

	Note	31 March 2024 £000	31 March 2023 £000
Benefits paid or payable	5	(29,756)	(29,184)
Transfers to other schemes	6	(1,537)	(6,632)
Administrative expenses	7	(1,904)	(1,544)
		(33,197)	(37,360)
Net withdrawals from dealings with members		(33,197)	(37,360)
Returns on investments			
Investment income	8	17,430	14,313
Change in market value of investments	9	(24,669)	(212,266)
Investment management expenses	10	(224)	(593)
Net returns on investments		(7,463)	(198,546)
Net decrease in the fund during the year		(40,660)	(235,906)
Net assets of the Fund			
Opening net assets		643,904	879,810
Closing net assets		603,244	643,904

The notes on pages 18 to 29 form part of these financial statements.

The Financial Statements (Cont)

Statement of Net Assets

available for benefits as at 31 March 2024

	Note	31 March 2024 £000	31 March 2023 £000
Investment assets:			
Bonds	9	3,375	645,593
Pooled investment vehicles	12	23,306	176,381
Derivatives	13	-	9,016
Insurance policies	17	565,186	59
AVC investments	16	275	245
Reverse repurchase agreements	15	-	19,747
Cash deposits	9	6,721	423
Other investment balances	14	115	4,566
		598,978	856,030
Investment liabilities:			
Derivatives	13	-	(9,570)
Repurchase agreements	15	-	(205,904)
		-	(215,474)
Total net investments	9	598,978	640,556
Current assets	21	7,175	4,206
Current liabilities	22	(2,909)	(858)
Total net assets available for benefits		603,244	643,904

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on page 7 of the Annual Report, and these financial statements should be read in conjunction with this report.

The notes on pages 18 to 29 form part of these financial statements.

These financial statements on pages 16 to 29 were approved by the Trustee and signed on its behalf by:

B D McGowan

Date:

Notes to the Financial Statements

1. General information

The Chubb Security Pension Fund (the 'Fund') was established under English law by a Trust Deed and Rules dated 1 May 1980 and is currently governed by a replacement definitive Trust Deed and New Rules which was adopted on 19 May 2000 (as subsequently amended).

The Fund is an occupational defined benefit pension plan registered in the United Kingdom. The office is at Ground Floor, 2 Lotus Park, Staines, Middlesex TW18 3AG. The Fund was closed to future accrual with effect from 31 March 2020.

2. Basis of preparation of the financial statements

The individual financial statements of Chubb Security Pension Fund have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

3. Accounting policies

The principal accounting policies of the Fund which are applied consistently are as follows:

Currency

- The Fund's functional and presentational currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Fund year-end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Contributions

- Contributions made by the Employer are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and Recovery Plan under which they are payable.

Payments to members

- Pensions in payment are accounted for in the period to which they relate.
- Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- Where members have a choice regarding the form and timing of their benefit, benefits are accounted for on an accruals basis on the later of the date of retiring or leaving and the date the option is exercised. Other benefits are accounted for on an accruals basis on the date of retiring or leaving.
- Individual transfers out of the Fund are accounted for when member liability is discharged which is normally when the transfer amount is paid.
- Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Fund, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within "Benefits paid or payable".

Expenses and other payments

- Administrative expenses are accounted for on an accruals basis.
- Investment management expenses are accounted for on an accruals basis and shown net within "Returns on investments". Transaction costs are included in the cost of purchases and sale proceeds.

Investment income

- Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.
- Income from pooled investment vehicles is accounted for when declared by the fund manager.
- Income from cash and short-term deposits is accounted for on an accruals basis.
- Receipts from annuity insurance policies are accounted for as investment income on an accruals basis.

Notes to the Financial Statements (Cont)

3. Accounting policies (Cont)

- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.
- Receipts or payments under swap contracts, representing the difference between the swapped cash flows, are included in investment income.
- Interest payable on repurchase agreements and receivable on reverse repurchase agreements is accounted for in the period it falls due.

Investments

- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.
- The number and value of units held within the Chubb Common Investment Fund (CCIF) is provided by the CCIF custodian. The units are single priced and the underlying accounting policies and methodology for the fair valuation and classification of assets and liabilities held within the CCIF are detailed in the CCIF financial statement set out in Appendix I.
- Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV) determined in accordance with fair value principles, provided by the pooled investment manager.
- Bonds are stated at their clean prices. Accrued income is accounted for within “Investment income” and within “Investment income receivable” included as “Other investment balances”.
- Annuities have been valued by the Fund Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.
- The bulk purchase annuity insurance contract has been valued by the Fund Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.
- AVC investments securing additional benefits for those members electing to pay additional voluntary contributions ("AVCs") are included in the statement of net assets available for benefits. The market value of these investments is the fair value advised by the investment manager at the year end date.
- Exchange traded futures are valued as the sum of the daily mark-to-market, which is a calculated difference between the settlement prices at the reporting date and the inception date.
- Over the counter (OTC) derivatives are valued using the following valuation techniques:
  - Swaps – current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.
  - Forward foreign exchange (Forward FX) – the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- Repurchase agreements are accounted for as follows:
  - Repurchase agreements (repo) – the Fund continues to recognise and value the securities that are delivered out as collateral and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.
  - Reverse repurchase agreements (reverse repo) – the Fund does not recognise the securities received as collateral in its financial statements. The Fund does recognise the cash delivered to the counterparty as a receivable in the financial statements.

Critical accounting judgments and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Fund, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Fund investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included above and within notes 17 and 18.

Notes to the Financial Statements (Cont)

4. Contributions

Following the completion of the 31 March 2021 actuarial valuation, an updated Schedule of Contributions certified 20 January 2022, was agreed. Under the Schedule, all fees and expenses are to be paid by the Fund and no further deficit contributions are due to be paid.

5. Benefits paid or payable

	2024	2023
	£000	£000
Pensions	27,173	26,746
Commutation of pensions and lump sum retirement benefits	2,358	2,364
Lump sum death benefits	225	74
	29,756	29,184

6. Transfers to other schemes

	2024	2023
	£000	£000
Individual transfers to other schemes	1,537	6,632

7. Administrative expenses

	2024	2023
	£000	£000
Administration and processing	665	479
Actuarial fees	665	592
Pensions Regulator and Pension Protection Fund levies	38	51
Audit fees	62	49
Trustee fees	107	80
Legal and other professional fees	367	293
	1,904	1,544

In accordance with the Schedule of Contributions certified on 20 January 2022, administrative expenses fees are all met by the Fund.

8. Investment income

	2024	2023
	£000	£000
Income from bonds	6,141	14,239
Bulk purchase annuity income	12,200	-
Income from pooled investment vehicles	1,706	108
Net (payments)/receipts from swaps	(136)	27
Net interest on repurchase agreements / reverse repurchase agreements	(2,825)	(179)
Annuity income	(27)	21
Interest on cash deposits	371	97
	17,430	14,313

Included in annuity income in the current year are repayments to the annuity providers totalling £38,701 (2023: £3,092).

Income from Bonds has decreased significantly in the year as the Fund divested the majority of its Bond holdings in June/July 2023 when entering into the bulk purchase annuity contract with Phoenix Life. Income from pooled investment vehicles has increased due to the changes in the type of pooled vehicles the Fund invests in.

Notes to the Financial Statements (Cont)

9. Reconciliation of investments

	Value at 1 April 2023 £000	Purchases at cost and Derivative Payments £000	Sales proceeds and derivative receipts £000	Change in market value £000	Value at 31 March 2024 £000
Bonds	645,593	28,280	(625,006)	(45,492)	3,375
Pooled investment vehicles:					
CCIF invested units	19	-	(27)	8	-
Other pooled investment vehicles	176,362	354,287	(508,213)	870	23,306
Total Pooled investment vehicles	*176,381*	*354,287*	*(508,240)*	*878*	*23,306*
Derivatives - net	(554)	14,830	(12,686)	(1,590)	-
Insurance policies	59	544,127	(340)	21,340	565,186
AVC Investments	245	-	(9)	39	275
	821,724	941,524	(1,146,281)	(24,825)	592,142
Cash deposits	423			156	6,721
Other investment balances - net	4,566			-	115
Amounts receivable under reverse repurchase agreements	19,747			-	-
Amounts payable under repurchase agreements	(205,904)			-	-
Net investment assets	640,556			(24,669)	598,978

The high value of investment purchase and sales in the year are due to the bulk purchase annuity insurance contract with Phoenix Life Limited, which the Trustee entered into, to secure future pension payments for all deferred and pensioner members of the Fund. The initial premium & true up payments/receipts totalling £543.8m were transferred from Insight by the Fund to Phoenix Life in June & July 2023 via payments of cash and transfers of stocks.

The majority of the assets were withdrawn from the CCIF in February and March 2022 and transferred into new investment arrangements for the Fund, with no further assets remaining in the CCIF arrangement at the year end.

The annual report and financial statements of the CCIF for the year ended 31 March 2024 are attached to these financial statements at Appendix I. These financial statements provide detail of the movements in the underlying assets of the CCIF in the year to 31 March 2024 and the valuation of the assets at that date.

Also included in the financial statements of the CCIF are details of the investment transaction costs of the CCIF, the fair value hierarchy of financial instruments, details of investment risks relating to the assets held within the CCIF, the investment strategy, the concentration of assets and details of employer related investments held indirectly through the assets of the CCIF.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Fund such as fees, commissions and stamp duty. The Fund incurred £1k in direct transaction costs in the year (2023: £1k).

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately provided to the Fund.

Employer related investments

At 31 March 2024 and 31 March 2023, there were no direct or indirect employer related investments.

Notes to the Financial Statements (Cont)

10. Investment management expenses

	2024	2023
	£000	£000
Administration, management and custody	224	593

11. Taxation

The Fund is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

12. Pooled investment vehicles

The Fund's investments in pooled investment vehicles at the year-end comprised:

	2024	2023
	£000	£000
Diversified Growth Fund	-	108,994
Absolute Return Fund	-	54,508
Cash Funds	23,306	12,860
CCIF*	-	19
	23,306	176,381

* Detail of the assets underlying the investment in the CCIF is included in the annual report and financial statements of the CCIF, which are attached to these financial statements in Appendix I.

13. Derivatives

Objectives and policies for holding derivatives

The Trustee had authorised the use of derivative financial instruments by the investment managers as part of their investment strategy as follows;

- Futures and Swaps: Interest rate swaps and bond and interest rate futures may be used by bond managers for the purposes of implementing duration, country allocation, yield curve and investment views.
- Forward foreign currency: FX may be used for currency hedging purposes, but not for speculative purposes.

At the year end the Fund had the following derivatives:

	2024		2023	
	Asset	Liability	Asset	Liability
	£000	£000	£000	£000
Exchange traded				
Futures	-	-	88	(149)
Over-the-counter contracts				
Forward FX contracts	-	-	959	(36)
Swaps	-	-	7,969	(9,385)
	-	-	9,016	(9,570)

Notes to the Financial Statements (Cont)

14. Other investment balances

The other investment balances held by the Fund at the year-end are as follows:

	2024	2023
Investment assets	**£'000**	**£'000**
Investment income receivable	115	4,566

15. Repurchase and reverse repurchase agreements

	2024	2023
	£000	**£000**
Amounts payable under repurchase agreements	-	(205,904)
Amounts receivable under reverse repurchase agreements	-	19,747
	-	(186,157)

Bonds with a fair value of £nil (2023: £205.5) had been sold subject to repurchase contracts therefore continued to be recognised in the financial statements. There were no repurchase agreements at 31 March 2024 (2023: 15).

Bonds with a fair value of £nil (2023: £1.9m) were received as collateral at 31 March 2024 in respect of reverse repurchase agreements were not recognised in the financial statements. Cash delivered to the counterparties was recognised as amounts receivable in the table above. There were no (2023: 3) reverse repurchase agreements at 31 March 2024.

16. AVC investments

The Trustee holds assets invested separately from the main fund in the form of insurance policies securing additional benefits on a money purchase basis for those members that have elected to pay additional voluntary contributions. Members participating in this arrangement each receive annual statements confirming the amounts held in their account and the movements in the year. The aggregate amounts of AVC investments at the year end are as follows:

	2024	2023
	£000	**£000**
Aegon (unit linked)	275	245

Notes to the Financial Statements (Cont)

17. Insurance policies

	2024	2023
	£000	£000
Bulk purchase annuity insurance contract	565,143	-
Legacy annuities	43	59
	565,186	59

Legacy annuity policies provide an income to the Fund as disclosed in note 9. The value of these policies is estimated annually by the Fund Actuary.

On 20 June 2023, the Trustee entered into a bulk purchase annuity insurance contract with Phoenix Life Limited to secure future pension payments for all deferred and pensioner members of the Fund at that date. Under this insurance policy, Phoenix Life began to make monthly payments to the Fund from December 2023 to cover the pensions in payment for pensioners in the Fund. The initial premium totalling £543.8m was paid by the Fund to Phoenix Life in July 2023 via payments of cash and transfers of stocks.

At the time of purchasing the buy-in policy there were a number of known data and benefit issues that needed further investigation. As a result, there is a slight mismatch between the benefits payable under the policy and those due from the Fund. In due course, the Fund will undertake a “true up” of the policy and agree a balancing premium with Phoenix Life to ensure the policy covers the actual benefits due from the Fund.

Income received from the bulk purchase annuity insurance contract is disclosed in note 9.

The value of the bulk purchase annuity insurance contract has been provided at the year-end by the Fund Actuary. A summary of the assumptions adopted for the valuation of the policy are as follows:

Discount rate	0.35% p.a. above the Bank of England gilt curve
Retail Prices Index (RPI) inflation	Bank of England implied inflation curve
Consumer Prices Index (CPI) inflation	Pre-2030: RPI less 0.8% p.a.
	Post-2030: RPI
Pension increases	Calculated as relevant inflation assumptions, taking into account any caps of collars based on a statistical model
Mortality tables	110% (M) / 115% (F) of S3PXA
Mortality improvements	
Projections model	CMI_2021
Long-term improvement rate	1.75% p.a.
Initial addition parameter	0.75% p.a.
Smoothing parameter	7.0
2020 & 2021 weight parameters	0%
Proportion married at retirement	85% of males
	70% of females
Age difference between husbands and wives	Males have a partner 3 years younger
	Females have a partner 1 year older
Cash commutation	25% of pension using Standard Life cash factors in force for April 2024
GMP equalisation/data and benefit uncertainty reserve	None
Expenses	None

Notes to the Financial Statements (Cont)

18. Fair value hierarchy

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Fund's investment assets and liabilities fall within the above hierarchy levels as follows:

	As at 31 March 2024			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	3,375	-	3,375
Pooled investment vehicles	-	23,306	-	23,306
Insurance policies	-	-	565,186	565,186
AVC investments	-	275	-	275
Cash deposits	6,721	-	-	6,721
Other investment balances	115	-	-	115
	6,836	26,956	565,186	598,978

	As at 31 March 2023			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Bonds	-	645,593	-	645,593
Pooled investment vehicles	-	176,362	19	176,381
Insurance policies	-	-	59	59
Derivatives – net	-	(554)	-	(554)
AVC investments	-	245	-	245
Cash deposits	423	-	-	423
Other investment balances	4,566	-	-	4,566
Repurchase and reverse repurchase agreements – net	-	(186,157)	-	(186,157)
	4,989	635,489	78	640,556

19. Investment risk disclosures

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates
- Interest rate risk: this is the risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates
- Other price risk: this is the risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Notes to the Financial Statements (Cont)

19. Investment risk disclosures (Cont)

The Trustee determines the investment strategy after taking advice from a professional investment adviser. The Fund has exposure to these risks because of the investments it makes.

Further information on the Trustee's approach to risk management, credit and market risk at the year-end is set out below. This does not include legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Fund.

Investment strategy

The investment objective of the Fund is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Fund payable under the Trust Deed and Rules as they fall due. Having identified that the Fund had sufficient assets to secure a bulk annuity insurance policy that would cover all of the accrued member benefits, the Trustee proceeded with a purchase of such a policy with Standard Life. This effectively transfers the investment risks in respect of these liabilities to Standard Life and therefore limits the risk of the fund.

The Trustee sets the investment strategy for the Fund taking into account considerations such as the strength of the employer covenant, the long term liabilities of the Fund and the funding agreed with the Employer. The investment strategy is set out in the Fund's Statement of Investment Principles (SIP).

The Fund's investments (excluding AVC Investments and Insurance Policies) are currently invested in either gilts, cash or a money market fund. The allocation will be reviewed as required by the Trustee depending on the requirements for the assets to meet expenses or remaining liabilities.

Credit risk

At 31 March 2024, the Fund is subject to credit risk because it directly invests in bonds and has cash balances.

At 31 March 2023 the Fund also was exposed to credit risk because it directly invested in derivatives, repurchase agreements, has cash balances and holds units in pooled investment vehicles (PIVs). The Fund had indirect exposure to credit risks from the underlying investments held by the pooled investment vehicles.

Analysis of direct credit risk as at 31 March 2024

£000s	2024	2023
Bonds	**3,375**	645,593
OTC Derivatives – net	**-**	(554)
Cash	**6,721**	423
PIVs	**23,306**	176,381
Reverse repurchase agreements	**-**	19,747
Repurchase agreements	**-**	(205,904)
	33,402	635,686

The credit risk arising on bonds is mitigated by predominantly investing in government bonds and corporate bonds which are at least investment grade credit rated.

Notes to the Financial Statements (Cont)

19. Investment risk disclosures (Cont)

Cash is held within financial institutions which are at least investment grade* credit rated.

** Investment grade refers to the quality of a company's credit. To be considered an investment grade issue, the company must be rated at 'BBB' or higher by Standard and Poor's or 'Baa" or higher by Moody's.*

Credit risk arising on derivatives depended on whether the derivative is exchange traded or over the counter (OTC). The Fund held both exchange traded and OTC derivatives. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Plan was subject to risk of failure of the counterparty. The risk was reduced through collateral arrangements.

The pooled investment arrangements used by the Fund comprised a Jersey domiciled unit trust, UK and Irish domiciled open-ended investment companies and a UK domiciled common investment fund. Direct credit risk arising from Pooled Investments Vehicles (PIVs) are mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled manager operates and the Trustee’s due diligence of the pooled manager. The PIVs themselves are unrated.

A summary of pooled investment vehicles by type of arrangement is as follows:

	2024 (£000)	2023 (£000)
Jersey domiciled unit trust	-	**54,508**
UK domiciled Undertakings for the Collective Investment in Transferable Securities Open-Ended Investment Company	-	**108,994**
Irish domiciled Undertakings for the Collective Investment in Transferable Securities Open-Ended Investment Company	**23,306**	**12,860**
UK domiciled common investment fund	-	**19**
Total	**23,306**	**176,381**

The Trustee monitored the performance of the investment managers on a regular basis in addition to having meetings with the investment managers from time to time as necessary. The Trustee had a written agreement with the investment managers, which contained a number of restrictions on how the investment managers may operate.

Direct credit risk also arises through the Fund’s bulk purchase annuity contract, this direct credit risk is perceived as low due to the contracts being held with an insurance company, which is subject to strict Solvency II regulatory requirements.

Market risk: Interest rates

The Fund is subject to interest rate risk because some of the Fund’s investments are held in bonds as segregated investments or through pooled vehicles, repurchase agreements, reverse repurchase agreements and cash. Under this strategy, if interest rates fall, the value of the bonds investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

Interest rate risk also exists as a result of the approach to valuing liabilities and affects the value of the Fund’s bulk purchase annuity insurance contract. The Fund’s overall exposure to interest rate risk results from the difference between the exposure to interest rates experienced by the assets and by the liabilities.

Market risk: Currency

As at 31 March 2024, the Fund has minimal exposure to currency risk.

As at 31 March 2023, the Fund was exposed to currency risk because some of its investments were held in overseas markets. For example, the Fund invested indirectly in overseas equities and bonds through a pooled investment vehicle.

The Fund’s liabilities are denominated in sterling and currency hedging was employed to manage the impact of exchange rate fluctuations on the Fund’s investments.

Notes to the Financial Statements (Cont)

19. Investment risk disclosures (Cont)

Market risk: Other price

Other price risk arises due to the inflation linkage of the bond held as segregated investments or through pooled vehicles. Under this strategy, if inflation expectations rise, the value of these bonds will rise to help match the increase in actuarial liabilities. Similarly, if inflation expectations fall, these investments will fall in value, as will the actuarial liabilities.

The Fund holds a bulk purchase annuity contract to manage liability risk (including longevity risk) associated with pensioner liabilities.

Other matters

During 2023/2024, geopolitical issues and economic issues (such as increases in the rates of inflation and interest rates and movements in foreign currencies) have continued to have a significant effect on domestic and global economies, with disruption and volatility in the financial markets. The Trustee, in conjunction with its advisers, monitor the situation closely and determine any actions that are considered to be necessary. This includes monitoring the Fund's investment portfolio, the operational impact on the Fund and the covenant of the Employer.

The extent of the impact on the Fund's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted. Since the year end, the value of the Fund's investment assets and investment liabilities have been impacted. Whilst the Trustee monitors the overall position, it has not, at this time, quantified the change (being an increase or decrease) in market value of the investment assets and investment liabilities as markets remain fluid and unpredictable and therefore such an estimate cannot be made.

20. Concentration of investments

The following investments each account for more than 5% of the Fund's net assets at the year-end:

	2024		2023	
	£000	%	£000	%
Bulk purchase annuity insurance contract	565,143	93.7	-	-
Ruffer Absolute Return Fund	-	-	108,994	16.9
Blackrock Diversified Growth Fund	-	-	54,508	8.5

21. Current assets

	2024	2023
	£000	£000
Cash at bank	3,923	1,908
Prepaid pensions	1,965	1,967
Due from employer (VAT recovery)	111	331
Accrued bulk annuity contract income	1,176	-
	7,175	4,206

22. Current liabilities

	2024	2023
	£000	£000
Unpaid benefits	207	133
Accrued expenses	202	725
Prepaid bulk annuity contract income	2,500	-
	2,909	858

Notes to the Financial Statements (Cont)

23. Contingent liabilities and contractual commitments

In the opinion of the Trustee, except for the matters detailed below, the Fund had no contingent liabilities at 31 March 2024 (2023: £nil).

Equalisation of Guaranteed Minimum Pensions (GMP)

In October 2018, the High Court determined that benefits provided to members who had contracted out of the state second pension must be recalculated to reflect the equalisation of state pension ages from May 1990 to April 1997 between men and women. In November 2020, a further ruling by the High Court determined that transfers out of a scheme in respect of members who had contracted out of the state second pension must also be recalculated to reflect the equalisation of state pension ages from May 1990 to April 1997 between men and women.

As a result, the Fund is required to equalise Guaranteed Minimum Pension (GMP) liabilities which will result in an increase in liabilities to provide benefits. Under the ruling pension schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

The Trustee of the Fund has made an approximate financial allowance for this when calculating the liabilities as part of the actuarial valuation. However, the Trustee, with the help of its advisers, is still working through the detailed calculations required to work out any required adjustments to member benefits. As a result, a detailed estimate of the past service element, which would be applicable for the Fund financial statements, has yet to be estimated but the Trustee considers that it is likely to be immaterial to the financial statements.

Virgin Media case

In June 2023, the High Court handed down a decision in the Virgin Media Ltd versus NTL Pension Trustees II Ltd, which considered the implications of section 37 of the Pension Schemes Act 1993, which required that the rules of a salary-related contracted-out pension scheme cannot be altered, in relation to post April 1997 service, unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme. This decision was appealed to the Court of Appeal and, in July 2024, the Court of Appeal upheld the decision of the High Court.

The Trustee is monitoring the position and will consider the possible implications, if any, for the Fund of the above with its advisers and what steps, if any, it wishes to take. Therefore, it is not possible, at present, to estimate the potential impact, if any, on the Fund.

24. Related party transactions

Transactions with related parties of the Fund comprise;

Key management personnel

- In the year Trustee fees were paid to B D McGowan, T P Allen, I Fixter and W Jones for trustee services to the Fund. The aggregate amount paid was £66,000 (2023: £37,000). In addition, the Fund paid Trustee fees to B D McGowan, T P Allen, W Jones, and G P Smart (solely a trustee of the CCCIF) for trustee services to the CCIF. The aggregate amount paid was £41,000 including expenses (2023: £43,000). All Trustee fee payments are accounted for within note 7 of the financial statements. At 31 March 2024 £nil was owed to Trustees (2023: £8,000) and is included in accrued expenses within note 22 of the financial statements.
- H Dulay, C Walters (deferred members) & I Fixter (pensioner member), all of whom are Trustee Directors of Chubb Security (Pensions) Limited, are in receipt of benefits from the Fund in accordance with the rules of the Fund.

Employer and other related parties

- During the year the Fund, along with the related Chubb Pension Plan, participated in the Chubb Common Investment Fund.
- VAT amounting to £401k (2023: £nil) was recovered from Chubb Group Limited in the year. £111k was receivable at the year-end (2023: £331k).
- B D McGowan, W Jones, K Krumm and K Bettmann (Trustee Directors of the Chubb Security (Pensions) Limited) are also Trustees of the related Chubb Pension Plan.

Certificate of Adequacy of Contributions

Chubb Security Pension Fund

Certification of the Schedule of Contributions

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective is expected to be met by the end of the period specified in the Recovery Plan dated 19 January 2022 and can then be expected to continue to be met for the period for the remaining period for which the Schedule is expected to be in force.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 19 January 2022.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Fund's liabilities by the purchase of annuities, if the Fund were to be wound up.

Signature:		Date:	20 January 2022
Name:	Paul Houghton	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Decimal Place Chiltern Avenue Amersham Buckinghamshire HP6 5FG	Employer:	Barnett Waddingham LLP

Schedule of Contributions

Chubb Security Pension Fund
Schedule of Contributions

Status

This Schedule of Contributions has been prepared by the Trustee of the Chubb Security Pension Fund (the "Fund"), after obtaining the advice of the Scheme Actuary appointed by the Trustee and with the agreement of Chubb International Holdings Limited (the "Employer").

Contributions to be paid by the Employer from 1 January 2022 to 31 January 2027

In respect of the shortfall in funding as set out in the Recovery Plan dated 19 January 2022:	A one-off payment of £20,000,000, to be paid towards the Fund within 30 days of the date of signing.

All expenses and the Pension Protection Fund levy will be paid by the Fund.

Other provisions

The Employer contributions are subject to review at the next actuarial valuation which must be carried out with an effective date no later than 31 March 2024.

The Employer may pay contributions in addition to the amounts shown above at any time. Any contributions paid at a rate higher than that required can be offset against later payments due at the request of the Employer.

This schedule has been agreed by the Trustee and the Employer

Signed: .... On behalf of the Trustee	Name: Brian McGowan	Position: Trustee Director
Signed: .... On behalf of the Trustee	Name: WARWICK JONES	Position: TRUSTEE DIRECTOR
Signed: .... On behalf of the Employer	Name: Paul Grunan	Position: DIRECTOR

Date: 19 January 2022

Implementation Statement

Chubb Security Pension Fund (CSPF)

Purpose of this statement

This implementation statement has been produced by the Trustee of the **Chubb Security Pension Fund ("the Fund")** to set out the following information over the year to **31 March 2024**:

- How the Trustee's policies on exercising rights (including voting rights) and engagement have been followed over the year; and
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year.

This Statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Pensions Regulator.

Stewardship Policy

The Statement of Investment Principles (SIP), dated June 2023, describes the Trustee's policy on the exercise of rights (including voting rights) and engagement activities. It has been made available online here:

Chubb Security Pension Fund – Statement of Investment Principles

The following changes were made to the stewardship policy over the year:

- The benefits due from the Fund were fully matched with annuity policies following the completion of a bulk annuity insurance transaction with Phoenix Life, and the remaining assets are held as cash within a bank account, gilts and liquidity funds. Given the nature of the current holdings in the Fund, the Trustee will review and monitor the ESG policy as they deem appropriate, considering the risks that present themselves.
- The Trustee notes that by securing the Fund's benefits with an insurer, they have limited ability to influence the voting and engagement activities undertaken on behalf of the annuity policy. The Fund retains a cash holding in a bank account and liquidity funds through which there is limited ability for engagement.
- The Trustee has not set stewardship priorities for the Fund given this limited ability for engagement.

How voting and engagement policies have been followed

Based on the information provided by the Fund's investment managers, the Trustee believes that their policies on voting and engagement have been met in the following ways:

- The Fund invests entirely in cash, gilts and bulk annuity policies and, as such, delegates responsibility for carrying out voting and engagement activities to the Insurer.
- Given the nature of the current holdings in the Fund, the Trustee has a policy to review and monitor the ESG policy as they deem appropriate, considering the risks that present themselves.
- Having reviewed the above in accordance with their policies, the Trustee is comfortable that the Fund's stewardship policies have been met.

Implementation Statement (Cont)

Voting and Engagement

The cash holdings and annuity policies held by the Fund with Phoenix Life have no voting rights attached and limited ability to engage with key stakeholders given the nature of the mandates.

Engagement activities are limited for the Fund's liquidity funds given that they are held as cash on deposit or investment in money market instruments.

No voting or engagement data has therefore been provided for any of the Fund's holdings.

At a firm level, Phoenix Life have their own stewardship policy which sets out their approach to stewardship within their investment portfolio. There is limited scope for the Trustee to report on their process, but their policies are available here:

https://www.standardlife.co.uk/employer/investments/responsible-investment/stewardship

Prepared by the Trustee of the Chubb Security Pension Fund
October 2024

Chair's Statement

Chubb Security Pension Fund ("the Fund")

Chair's statement regarding the governance of defined contribution arrangements

Fund year - 1 April 2023 to 31 March 2024

1. Introduction

1.1. This statement has been prepared by the Trustee of the Chubb Security Pension Fund ("the Trustee"), to report on compliance with governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015 ("the Regulations"), and subsequently amended by The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

1.2. The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.

1.3. This statement covers the fund year 1 April 2023 to 31 March 2024. It may not, therefore, include any subsequent changes to the Fund since 31 March 2024.

1.4. As required by the Regulations, the Trustee will publish this Statement on a publicly accessible website. The web address for the website will be https://chubbfs.com/uk-en/reports/.

2. The Fund's DC arrangements

2.1. The Fund's DC arrangements comprise:

2.1.1. DC benefits for some members who had short periods of membership after 5 April 1997 and who received a refund of part of their contributions. The DC benefits represent retained 'Protected Rights', a result of the method used by the Fund from 6 April 1997 to 'contract out' of the State Pension Scheme. These Protected Rights remained invested within the Fund's defined benefit (DB) investment strategy.

2.1.2. DC 'underpin' accounts apply for some members, under which they will receive the greater of a DB entitlement and the comparable pension that can be secured by the DC underpin account. The Trustee has been informed by the Fund's administrator, Gallagher, that during the Fund year, comparable pension that could be secured by DC underpin accounts were not expected to be greater than the DB entitlement. Benefits for these members are therefore expected to be DB in nature and are not considered further in this Statement.

2.1.3. The Fund held an Additional Voluntary Contribution (AVC) policy with one provider during the reporting period.

3. The Fund's investment arrangements

3.1. The Fund is not used as a qualifying scheme by any sponsoring employer to meet its auto-enrolment duties on a DC basis.

3.2. The Fund has no default investment arrangements for the purposes of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "Scheme Administration Regulations"). As there is no default arrangement, the requirement for a Statement of Investment Principles (SIP) prepared in accordance with regulation 2A of the Occupational Pension Scheme (Investment) Regulations 2005 does not apply.

Chair's Statement (Cont)

Overview of the Fund's investment arrangements

3.3. All Protected Rights benefits were invested in line with the Fund's DB investment strategy ("the Fund" Portfolio"). The Fund Portfolio operates as a unitised arrangement. Units within the Fund Portfolio are valued using the market value of assets which are reported on a monthly basis.

4. Core financial transactions

4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately.

4.2. Core financial transactions comprise the following:

4.2.1. Transfer payments out of the Fund

4.2.2. Retirement/death benefit payments out of the Fund

4.3. As Protected Rights benefits are invested in the Fund Portfolio, there are no investment switches available to members outside those made by the Trustee. Therefore, only transfers/payments out of the Fund are relevant in terms of core financial transactions.

4.4. Transactions in respect of the Protected Rights benefits are undertaken on the Trustee's behalf by the administrator of the Fund, Gallagher (formerly Buck).

Controls and monitoring arrangements

4.5. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:

4.5.1. The Trustee has a Service Level Agreement (SLA) in place with Gallagher, both in terms of timeliness and accuracy, and reporting of performance against those service levels.

4.5.2. The SLA sets out the timeline standards expected for each step of the Fund's main administration tasks, including core financial transactions. Gallagher aims to process at least 95% of core financial transactions within the SLAs set below:

Core financial transaction	Service level
Transfers out of the Fund	10 working days
Retirement benefit payments	7 working days

4.5.3. In order to monitor Gallagher's performance against agreed SLAs, the Trustee receives quarterly administration reports from Gallagher. These reports include cash flow monitoring, summaries of member transactions, reporting of service performance against the SLAs and identify and issues arising regarding administration timeliness and/or accuracy. Reports are considered and performance discussed at each Administration Sub-Committee meeting from which the outcomes of these discussions are considered at each Trustee meeting.

4.5.4. The controls in place in relation to the accuracy of core financial transactions are:

4.5.4.1. Internal checking procedures are applied to all processes.

4.5.4.2. Monitoring of accuracy is undertaken via the auditing of the Fund's annual report and accounts and periodic auditing of the Fund's membership data. In addition, Gallagher's internal controls are subject to internal controls procedures.

4.5.5. The Trustee has reviewed the above processes and controls implemented by Gallagher and consider these to be suitably designed to achieve its objectives.

Chair's Statement (Cont)

Performance during the Fund year

4.6. Following the identification of service issues by Gallagher as highlighted in the Trustee's statements covering the previous three fund years, the Trustee has continued to closely monitor Gallagher's performance relating to core financial transactions closely. The Trustee is now satisfied that Gallagher's ongoing performance against SLAs has largely returned to acceptable levels although the Trustee has renegotiated its service agreement with Gallagher to include performance-related fees whereby Gallagher's fees for its services are reduced where SLA targets are missed.

4.7. The Trustee remains however, concerned over the length of time taken by Gallagher to clear its backlog of processing the payment of death benefits to deceased members' beneficiaries and has instructed Gallagher for the backlog to be cleared by the end of June 2024.

4.8. Furthermore, following data cleansing exercises undertaken during the fund year, more outstanding tasks relating to core financial transactions have been identified that the Trustee is working with Gallagher to resolve.

4.9. Gallagher is required to attend Quarterly Administration Sub-Committee meetings to report on its progress relating to the above issues, and the Trustee continues to work with Gallagher to improve the processing of core financial transactions, such as in relation to unclaimed benefits during the fund year.

Fund AVCs

4.10. The AVC policy was provided by Aegon during the reporting period. The Trustee has delegated the administrative oversight of the AVC arrangements to Gallagher.

4.11. There are no formal SLAs in place with the AVC provider, however Gallagher reports to the Trustee with any specific issues relating to the administration of the AVC policy at Quarterly Administration Sub-Committee and regular Trustee meetings.

Assessment

4.12. The Trustee believes that these measures enable it to effectively monitor the promptness and accuracy of core financial transactions of the Fund's administration for its DC and AVC arrangements. Whilst acknowledging the issues experienced, due to the very low value of Protected Rights benefits during the scheme year, the Trustee is confident that all related core financial transactions over the reporting period have been processed promptly and correctly.

5. Member-borne charges and transaction costs

5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:

5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).

5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

Charges in relation to the Fund Portfolio

5.2. The TER for the Fund Portfolio for the fund year was 0.04% p.a.

5.3. The additional transaction costs incurred withing the Fund Portfolio over the fund year was 0.04% p.a.

Chair's Statement (Cont)

Investment Fund	Annualised Return –1 year to 31 March 2024	Annualised Return – 3 years to 31 March 2024	Annualised Return – 5 years to 31 March 2024
Fund Portfolio	1.6%	-9.0%	-3.9%

7. Value for members

7.1. Regulations require the Trustee to assess the extent to which the charges and transaction costs borne by members in the Fund provides value for members. These member-borne deductions cover the cost of providing the investment management services for the Protected Rights funds and also the administration services and communications for the AVC provider.

7.2. The Trustee's governance of the Fund Portfolio is supported by Barnett Waddingham as Investment Consultant and subject to Investment Monitoring and Operational Governance Reports.

7.3. Barnett Waddingham report directly to the Trustee on the performance of the Fund Portfolio.

7.4. The Trustee was satisfied with the performance of the Fund Portfolio during the fund year. Having considered the charges the members bear, the Trustee believes that this represents good value for its members, although it notes that legacy administrative difficulties continued to be resolved during the fund year.

8. Trustee knowledge and understanding

The Trustee Board

8.1. The Trustee Board comprises seven trustee directors, three of whom are nominated by the members.

8.2. One of the Company appointed trustee directors, Brian McGowan is the chair.

Trustee knowledge and understanding requirements

8.3. Trustee directors are required to be conversant with the Fund's main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension plans and investment of Fund assets and other matters to enable them to exercise their functions as trustee directors properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 07. The comments in this section relate to the Trustee as a body in dealing with the whole Fund and are not restricted to DC benefits.

Approach

8.4. The Trustee has put in place arrangements for ensuring that trustee directors take personal responsibility for keeping themselves up-to-date with relevant developments and carry out a self-assessment of training needs to identify knowledge gaps and training needs in relation to emerging legislation, Fund changes and upcoming matters in the Fund's business plan.

8.5. The Secretary to the Trustee reviews the self-assessments and arranges for training to be made available to individual trustee directors or to the full Trustee board as appropriate.

8.6. All of the existing trustee directors have completed the Pension Regulator's Trustee Toolkit and new trustee directors are required to complete this within six months of taking up office. During the fund year, Kevin Krumm resigned as trustee director with Kristen BettMan being appointed in his place, the induction process was followed.

8.7. The trustee director appointment & removal policy was updated during the Fund year, formally documenting the induction process for new trustee directors. The new process includes sessions with the Trustee's legal, actuarial and investment advisers, as well as the Fund Secretary.

Chair's Statement (Cont)

8.8. In addition, the Trustee received advice from professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the trustee directors on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Fund's documents, attending Trustee meetings and often in the delivery of training at these meetings. The relevant skills and experience of those advisers is a key criterion when evaluating advisor performance or selecting new advisers.

8.9. The Trustee aims to remain conversant with the Fund's Trust Deed & Rules and the following Trust documents and policies, having reviewed them in the fund year:

- 8.9.1. The Trustee reviewed the Fund's Statement of Investment Principles (SIP) to take account of investment changes. The SIP was updated in June 2023.
- 8.9.2. the Trustee (Director) appointment and removal process
- 8.9.3. the Internal Dispute Resolution Procedure Policy
- 8.9.4. the Privacy Notice
- 8.9.5. the Whistleblowing Policy
- 8.9.6. the GDPR & Law Breach register
- 8.9.7. the Trustee Director training policy and training log
- 8.9.8. the Anti-Bribery Policy
- 8.9.9. the Member Nominated Trustee /Directors Policy
- 8.9.10. the Gifts and Hospitality Policy
- 8.9.11. the Succession Plan
- 8.9.12. Business Continuity Plan
- 8.9.13. Deed of Amendment
- 8.9.14. Augmentation Agreement
- 8.9.15. the Risk Management Policy
- 8.9.16. the Risk Register
- 8.9.17. Managing Advisers and Service Providers Policy
- 8.9.18. annual report and accounts
- 8.9.19. Terms of References for the Plan's Sub-Committees

8.10. The structured training programme was followed during the fund year with annual self-assessments completed by all trustee directors, and the training programme itself was also reviewed. The training log was reviewed and updated.

Activities over the Fund year

8.11. The Trustee received training at trustee meetings from their professional advisers and service providers over the fund year on the following topics:

- 8.11.1. Mansion House Reforms
- 8.11.2. Run off insurance

8.12. During the period covered by this statement, the Trustee undertook a review and received professional advice on the following aspects of DC Fund governance:

Chair's Statement (Cont)

8.12.1. Effective System of Governance

8.12.2. Late retirement factors for cash lump sums

8.12.3. Gallagher benefit audit report

8.12.4. Run-off insurance

8.12.5. The Buy-in of the Fund's liabilities

8.12.6. Withdrawal from Chubb Common Investment Fund

Assessment

8.13. The Trustee considers that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their trustee functions in the following ways:

8.13.1. The Trustee is able to challenge and question advisers, service providers and other parties effectively

8.13.2. The Trustee's decisions are made in accordance with the Fund's rules and in line with trust law duties

8.13.3. The Trustee's decisions are not compromised by such things as conflicts or hospitality arrangements

....

Brian McGowan, Chair of the Trustee Date

Chair's Statement (Cont)

Appendix – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the Fund membership. For the illustration, the savings pot has been projected twice; firstly, to allow for the assumed investment return gross of the costs and charges of the fund the member is invested in and then again but adjusted for the cumulative effect of the costs and charges of the fund.

Parameters used for the illustrations

A1.2. To determine the parameters used in the illustration, the Trustee has analysed the members invested relevant to the reporting period of this statement and ensured that the illustration takes into account the following.

A1.2.1. Protected Rights funds are fully invested in the Fund Portfolio.

A1.2.2. Using the median pot size of those who hold Protected Rights funds as a representative pot size.

A1.2.3. The approximate duration that the youngest member using the Fund Portfolio would take to reach Normal Retirement Age ("NRA").

A1.2.4. The Trustee has determined not to include any illustrations for AVCs as it would be disproportionately burdensome given the amounts of money held in each of the individual AVC funds.

A1.3. Contributions: the illustrations assume no future contributions.

A1.4. Timeframe: the illustrations are shown over a 20 year time frame as this covers the approximate duration that the youngest member would take to reach retirement age.

Guidance to the illustration

A1.5. The savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.6. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year. It is for this reason that real growth (after inflation) may be negative.

A1.7. The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations. As we have data for the last four years only, the figures are based on four-year averages.

A1.8. The real-terms rates of growth used in the illustrations are calculated by reference to the Financial Reporting Council's AS TM1.The projected growth rates for the Fund Portfolio is 1.90% p.a. which is in line with those produced for the Fund's Statutory Money Purchase Illustrations (SMPI)

A1.9. Values shown are estimates and not guaranteed.

A1.10. The starting date for the illustrations is 31 March 2024.

Chair's Statement (Cont)

The Fund Portfolio

Years from taking benefits	Starting pot size: £5,000 Future contributions: No	
	Before charges	After charges
0	£5,000	£5,000
1	£4,971	£4,967
5	£4,855	£4,836
10	£4,715	£4,678
15	£4,579	£4,525
20	£4,446	£4,377

A1.11. Note on how to read this table: If a member had £5,000 invested in this option on 31 March 2024, when they came to retire in 10 years the savings pot could reduce to £4,715 if no charges are applied but to £4,678 with charges applied.

Appendix I – Chubb Common Investment Fund Annual Report & Financial Statements