# Virgin Money Retirement Savings Plan

## Annual Report and Financial Statements
## Year Ended 30 September 2024
## Plan Registration Number 10267609

# Contents

# SECTION 1 – TRUSTEE AND ITS ADVISERS

## THE TRUSTEE

The Trustee of the Virgin Money Retirement Savings Plan is Virgin Money Retirement Savings Plan Trustee Limited.

### The Trustee Directors

| **Employer Nominated** | **Member Nominated** |
|---|---|
| Sir D Chapman Bt – Chairman (Independent) (retired) 31 December 2024) | R Upson |
| A Murray | D Hay |
| S Stephen | M Koch |
| W Martin (resigned 2 May 2024) | S Ryan |
| M Samples (appointed 4 July 2024) | |
| BESTrustees Limited represented by S Balmont (Independent) – (Chairman with effect from 1 January 2025) | |

### Non-Trustee Related Roles

| | |
|---|---|
| **Secretary to the Trustee** | G Rudd |
| **Head of Reward and Employee Relations** | W Thompson |

## ADVISERS

The advisers to the Trustee are set out below.

| | |
|---|---|
| **Administration** | Virgin Money Pensions Team<br>177 Bothwell Street<br>Glasgow<br>G2 7ER |
| **Independent Auditor** | Ernst & Young LLP |
| **Legal Adviser** | Sacker & Partners LLP |
| **Investment Adviser** | Hymans Robertson LLP |
| **Investment Platform Provider** | Fidelity International |
| **Banker** | Virgin Money plc |
| **Business Partner** | Capita |
| **Principal Employer** | Clydesdale Bank PLC |

# SECTION 2 – TRUSTEE'S REPORT

## INTRODUCTION

The Trustee presents its annual report together with the financial statements for the year ended 30 September 2024.

Virgin Money Retirement Savings Plan Trustee Limited is the corporate Trustee of Virgin Money Retirement Savings Plan ("the Plan"). The names of the Directors at the date of approval of this report are set out on page 1.

The Plan provides retirement benefits to eligible employees of Clydesdale Bank PLC ("the Bank"), the Principal Employer. The Plan was set up as a money purchase pension plan under which the contributions for each member are invested. The accumulated value of each member's investment account will be available to fund their retirement. During the period all deferred members who had left the Plan from 1 January 2023 to 31 December 2023 were transferred to the Virgin Money section of the Master Trust with Fidelity. This is the annual sweep process completed each year in July.

# MANAGEMENT OF THE PLAN

The Plan commenced on 1 January 2004 and is governed by the Trustee who is required to act in accordance with the Trust Deed and the Plan Rules, within the framework of pension and trust law. The latest consolidated Trust Deed and Plan Rules is dated 21 October 2019, consolidating all earlier Deeds. There were no changes to the rules of the Plan during the period to which this report relates.

The Trustee Directors are appointed and removed in accordance with the corporate Trustee's Articles of Association, the Trust Deed and the Plan Rules, and the Plan's Member Nominated Trustee Director arrangements. The Principal Employer of the Plan nominates all the Bank Appointed Trustee Directors. There is a fixed term of four years (or such other period as set by Virgin Money Retirement Savings Plan Trustee Limited) for all Trustee Directors after which Trustee Directors can stand for reappointment.

There are eight Trustee Directors, four of whom are Member Nominated Directors, one is an Independent Trustee Directors and three have been appointed by the Employer as listed on page 1.

There were five Trustee Board meetings, and eight Sub Committee meetings during the Plan year. Voting at all meetings is by simple majority with the Chair having a casting vote.

Throughout the period covered by this report, the Directors of the Trustee Company received quarterly administration reports and reviewed Plan matters at regular Trustee meetings.

## GENERAL DATA PROTECTION REGULATIONS ("GDPR")

The Trustee Board carries out ongoing reviews of its GDPR provisions to ensure continued compliance. There have been no GDPR breaches in the year to 30 September 2024.

## DEFERRED MEMBER MOVEMENTS

On 16 July 2024 funds of £22,421k in respect of 602 (2023: Funds of £30,019k in respect of 802 members) members who became deferred, members for the period 1 January 2023 to 31 December 2023 were transferred to the Virgin Money section of Fidelity's Master Trust.

## CHANGES TO THE PLAN

There were no changes to the Plan in the year ended 30 September 2024.

## INVESTMENT CHANGES

As part of the Trustee's ongoing monitoring of investment options available in the Plan, and implemented in May 2024.

- One of the underlying component funds of the Virgin Money Growth Fund, the Baillie Gifford Sustainable Growth Fund was replaced with the Legal & General Future World Global Equity Index Fund.
- One of the underlying component funds of the Virgin Money Sustainable Active Equity Fund, the Baillie Gifford Sustainable Growth Fund was removed with the Schroder Life Sustainable Multi Factor Equity Fund retained as the sole component fund.
- One of the underlying component funds of the Virgin Money Diversified Fund, the Baillie Gifford Multi-Asset Growth Fund was replaced with the Legal & General Future World Multi-Asset Fund remaining as the sole underlying component fund.
- The Legacy Annuity Lifestyle was closed and members transferred to other investment options.
  Five funds in the self-select range, and which had also been used in the Legacy Annuity Lifestyle, have been closed to all members and members invested in them transferred to other investment options:
  - Virgin Money World ex UK Equity Fund
  - Virgin Money UK Equity Fund
  - Virgin Money Long Corporate Bond Fund
  - Virgin Money Emerging Markets Equity Fund
  - Virgin Money Long Gilts Fund.

The Baillie Gifford funds were replaced following ongoing monitoring of these funds and with advice to the Trustee from the Investment Adviser. The five self-select funds and the legacy annuity lifestyle were closed, also with advice from the Investment Adviser, to simplify choice, remove duplication and rationalise fund and lifestyle choice.

As at 30 September 2024 there were three main lifestyle options available to members (targeting Drawdown, Cash or Annuity) alongside 11 self-select options.

## CHANGE TO EXPENSE CONTRIBUTION FROM PRINCIPAL EMPLOYER

The Plan maintains a "Reserve Account" used primarily to cover Plan running expenses. This is funded by the Principal Employer and is recorded separately from individual members' contributions. At 30 September 2024 the balance on the Reserve Account (less accrued expenses) was £1,407K (£1,374K as at 30 September 2023).

The Payment Schedule dated 21 April 2022 provides that, in appropriate circumstance, as outlined in the Trust Deed and Rules, the Employer may offset contributions against any surplus arising within the Reserve Account of the Plan. The Trustee agreed to allow the Principal Employer a temporary break from expense contributions from 1 April 2024 to 30 September 2024. The Trustee agreed to the contribution holiday as there would still remain a surplus in the reserve account at the end of the holiday period

After the temporary break from 1 April 2024 to 30 September 2024, expense contributions recommenced from 1 October 2024 at the rate of 0.75% of contributory salaries.

## EVENTS DURING THE REPORTING PERIOD

On 21 March 2024, Nationwide submitted an offer to the Virgin Money UK Plc (VMUK) Board of Directors to acquire VMUK for a cash consideration. The acquisition was completed on 1 October 2024. Nationwide's intention is to maintain contribution rates in relation to Virgin Money's defined contribution pension scheme for at least the twelve months following completion.

## TRANSFERS IN AND OUT

All transfer values received during the period were calculated and verified in accordance with regulations made under the Pension Schemes Act 1993. In accordance with the direction of the Trustee no allowance for discretionary benefits has been made in the calculation of transfer values.

## FINANCIAL DEVELOPMENTS OF THE PLAN

The financial statements included in this annual report are the accounts required by the Pensions Act 1995 and 2004. They have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of the Acts.

The fund account shows that the net assets of the Plan increased from £407,739K at 30 September 2023 to £523,679K at 30 September 2024. The increase in net assets is accounted for by:

| | 2024<br>£000 | 2023<br>£000 |
|---|---|---|
| Member related income | 68,221 | 57,571 |
| Member related payments | (39,659) | (42,984) |
| Administration expenses | (1,313) | (1,613) |
| **Net additions from dealings with members** | **27,249** | **12,974** |
| Net returns on investments | 88,691 | 35,133 |
| **Net increase in fund** | **115,940** | **48,107** |
| Net assets at start of year | 407,739 | 359,632 |
| **Net assets at end of year** | **523,679** | **407,739** |

# PLAN MEMBERSHIP

The reconciliation of the Plan membership during the year ended 30 September 2024 is shown below:

| Active Members | Number |
|---|---|
| **As at 30 September 2023** | **7,971** |
| New members[1] | 679 |
| Retirements | (49) |
| Active become deferred | (461) |
| Deaths | (9) |
| Individual transfers Out | (93) |
| Ill health retirements | (2) |
| Members who ceased paying contributions | (6) |
| Refund of Contributions | (4) |
| Transfers to the Virgin Money section of the Fidelity Master Trust[2] | (219) |
| Duplicate records combined | (4) |
| **As at 30 September 2024** | **7,803** |

| Deferred Members | Number |
|---|---|
| **As at 30 September 2023** | **458** |
| Active become deferred | 461 |
| Members who ceased paying contributions | 6 |
| Refund of Contributions | (6) |
| Retirements | (5) |
| Individual transfer out | (30) |
| Death | (1) |
| Transfers to the Virgin Money section of the Fidelity Master Trust | (383) |
| Ill health retirement | (1) |
| Duplicate records combined | (9) |
| **As at 30 September 2024[3]** | **490** |

[1] New members include any members who have opted out and then re-joined under triennial auto-enrolment.

[2] Members who have left active service with the Bank but who were not yet re-classified in the system as deferred at the time of transfer to the Master Trust.

[3] The total as at 30 September 2024 takes into account the status of 23 members that had Opted out or had been Suspended.

# INVESTMENT MANAGEMENT

## INVESTMENT MANAGERS

The Plan's investments are managed using an investment platform with Fidelity, appointed by the Trustee. The platform provider invests in funds which are chosen by the Trustee acting on the advice of the Trustee's Investment Adviser. The Trustee sets performance targets for each fund and performance against these targets is regularly monitored by the Trustee.

The platform provider's fees are primarily based on the market value of the assets under their management. The investment adviser's own fees are based upon their contractual agreement with the Trustee. The investment adviser and platform provider (and the underlying fund managers) are authorised under the Financial Services and Markets Act 2000.

The Trustee oversees fund manager performance and remuneration, and monitors risk as set out in the Statement of Investment Principles on pages 79 to 114 attached at the end of this annual report.

## INVESTMENT PRINCIPLES

The Trustee has produced a statement of investment principles as required by section 35 of the Pensions Act 1995 and this is included as an appendix to this Annual Report and Financial Statements.

## REVIEW OF INVESTMENT PERFORMANCE

A summary of the investment performance for all the funds in the fund range is provided in appendices to this Annual Report and Financial Statements. The Trustee regularly monitors investment performance and the long-term suitability of investments.

## COMMENTARY FROM THE TRUSTEE

Global economic growth continued to surpass expectations as ongoing US economic resilience offset subdued domestic Chinese activity. The UK and eurozone exited from recessions in Q1. While the UK has enjoyed robust above-trend growth in H1 2024, eurozone activity has been weaker, weighed down by the weak manufacturing sector and lacklustre demand from China.

Year-on-year headline Consumer price inflation ("CPI") at 30 September 2024 eased significantly, to 1.7%, in the UK and eurozone, from 6.7% and 4.3%, respectively, a year earlier. The equivalent US measure eased from 3.7% to 2.4%. Core CPI, which excludes volatile energy and food prices, remains higher than headline measures across regions.

Sustained disinflation saw the major central banks lower interest rates.

Oil prices slumped as weak demand outweighed rising tensions in the Middle East, while gold prices rose to new all-time highs in nominal terms.

Global equities rose 20.2% in Sterling terms (FTSE All World index) amid strong earnings growth and easing inflation and interest rate concerns. North American equities led the 12-month performance rankings, given the relative strength of the US economy and the market's exposure to the outperforming technology sector. All other regions underperformed, with the UK at the bottom of the rankings, given limited technology exposure and weakness in the energy sector. Japan also underperformed as the yen's appreciation weighed on the export-heavy market. Emerging markets and Asia-ex Japan also underperformed, despite a late Q3 rally as the People's Bank of China unveiled significant monetary and fiscal stimulus.

Amid lower inflation and interest rate cuts, sovereign bonds yields fell (prices rose) across the major advanced economies. Resilient growth and anticipation of lower financing costs ahead saw credit spreads fall significantly.

## COMMENTARY FROM THE TRUSTEE (continued)

UK investment grade corporate bonds returned 10.7% over the year to 30 September 2024 (iBoxx Corporates All Maturities index). Index-linked gilts returned 6.0% over the year (FTSE Index Linked Gilts All Maturities index) and Conventional Gilts -7.9% (FTSE Fixed Gilts All Stocks index). Overseas government bonds returned 0.5% (ICE BofA Global Government Index).

Commercial UK Property returned 2.9%, as income offset a 2.8% decline in capital values. While the pace of capital value declines has slowed, the office sector remains challenged, with a 10.5% drop over 12 months. Retail property returns fell 2.3%, while industrial values rose slightly (MSCI UK Monthly Property index).

Investment markets, in particular equity markets, can be volatile and assets can move significantly over the short-term. In return for this volatility, investors expect to be rewarded by earning higher returns (compared with those of less volatile assets) over long time periods. Pension savings are, by their very nature, long-term savings. Short-term market movements should not necessarily impact a member's expected benefit in retirement unless members are cashing in their investments to convert to an annuity (or other forms of retirement benefits); the long-term return from investments is a much more important factor in determining member's final retirement benefits.

The Plan's lifestyle options invest in more volatile assets for much of a member's working life, in the expectation of achieving higher returns (than less volatile assets). However, prior to target retirement date, the lifestyle options switch progressively into more diversified assets which provide more protection for a member's investments as they approach the point of retirement.

During the Plan year the Trustee made some changes to the Plan arrangements and these are on pages 3 and 32 in the Implementation Statement in Section 7 of this Annual Report. The annual sweep of deferred members to the Virgin Money section of the Fidelity Master Trust was completed in July 2024.

The Trustee is confident that the investment options are appropriate for members' needs.

## GOING CONCERN

In producing the financial statements, and as part of the ongoing business of the Trustee, consideration is given to the ability of the Plan to operate as a going concern, including confirming that the Employer has made an allowance for future contributions in its financial planning. This confirmation has been received and the Trustee concludes that the Plan remains a going concern.

## SOCIALLY RESPONSIBLE INVESTMENTS

A manager's ethical investment criteria are considered at appointment and are regularly reviewed by the Trustee. Further information on Environmental, Social and Governance (“ESG”) considerations can be found in the Statement of Investment Principles in the appendix to this Annual Report.

## RIGHTS ATTACHING TO INVESTMENTS

The Trustee's policy is to delegate responsibility to investment managers for exercising rights (including voting rights) attaching to Plan investments.

## PLAN CUSTODIAL ARRANGEMENTS

Responsibility for custodial arrangements for Plan investments is delegated to investment managers. This is usual practice for pension schemes investing in pooled investment vehicles where the Plan holds units in certain investment vehicles rather than direct holdings in specific securities.

## EMPLOYER RELATED INVESTMENTS

There has been no material exposure to employer related investments in either the current or previous year.

## MATTERS RELATING TO TRUSTEESHIP

The Trustee has access to and complies with guidance available from The Pensions Regulator.

## TAX STATUS OF THE PLAN

The Plan is a Registered Pension Scheme (under Chapter 2 of Part 4 of Finance Act 2004) by virtue of it having been an Approved Retirement Benefits Scheme (under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988) on 5 April 2006. The Plan is accordingly exempt from income tax and capital gains tax.

## PLAN INVESTMENTS

The investment managers appointed on behalf of the Trustee to manage funds under Section 34(4) of the Pensions Act 1995 are properly authorised under the Financial Services and Markets Act 2000 to manage investments or are specifically exempted from the requirements of the Act. The investment managers appointed have the appropriate knowledge and experience necessary to manage the investments.

## PLAN ADVISERS

There are written agreements in place between the Trustee and each of the Plan advisers listed on page 1 of this Annual Report.

# STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (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 Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan 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 the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

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

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

The Trustee is responsible under pensions legislation for securing that a Payment Schedule is prepared, maintained and from time to time revised showing the rates of contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan 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 Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the employer in accordance with the Payment Schedule. 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 the members.

# FURTHER INFORMATION

## INTERNAL DISPUTE RESOLUTION ("IDR") PROCEDURES

It is a requirement of the Pensions Act 1995 that the trustees of all occupational pension schemes must have IDR procedures in place for dealing with any disputes between the trustees and scheme beneficiaries. A dispute resolution procedure has been agreed by the Trustee of the Plan, details of which can be obtained by writing to the Secretary to the Trustee at the address on page 17 of this report.

## CONTACT FOR FURTHER INFORMATION

Any enquiries or complaints about the Plan, including requests from individuals about their benefits or for a copy of Plan documentation, should be sent to the Secretary to the Trustee at the address on page 17 of this report.

## THE MONEY AND PENSIONS SERVICE ("MaPS")

This service is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the Trustee of the Plan. MaPS has launched MoneyHelper, which brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise to create a single place to get help with money and pension choices. MoneyHelper is impartial, backed by the government and free to use.

The Money and Pensions Service
Borough Hall
138 Cauldwell Street
Bedford
MK42 9AB
Tel: 0345 015 4033
www.moneyhelper.org.uk

## THE PENSIONS OMBUDSMAN

Members have the right to refer a complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) the member is complaining about happened – or, if later, within three years of when they first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:
10 South Colonnade
Canary Wharf
London
E14 4PU
Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk

www.pensions-ombudsman.org.uk

Members can also submit a complaint form online:

www.pensions-ombudsman.org.uk/making-complaint

## THE PENSIONS REGULATOR

The Pensions Regulator ("TPR") has the objectives of protecting the benefits of members, promoting good administration and reducing the risk of claims on the Pension Protection Fund. TPR has the power to investigate schemes, to take action to prevent wrongdoing in or maladministration of pension schemes and to act against employers failing to abide by their pension obligations. TPR may be contacted at the following address:

The Pensions Regulator
Telecom House
125 - 135 Preston Road
Brighton
BN1 6AF
www.thepensionsregulator.gov.uk

## PENSION TRACING SERVICE

The Pension Schemes Registry has been replaced with the Pension Tracing Service and is now provided by the Department for Work and Pensions. Responsibility for compiling and maintaining the register of occupational pension schemes has been passed to The Pensions Regulator.

Contact details for the services are as follows:

Pension Tracing Service
The Pension Service 9
Post Handling Site A
Wolverhampton
WV98 1AF

www.gov.uk/find-pension-contact-details

## APPROVAL OF THE REPORT BY THE TRUSTEE

The Trustee's report, including the investment report, together with the audited financial statements comprise the Annual Report of the Trustee.

The Trustee's Report is signed for and on behalf of the Trustee of the Virgin Money Retirement Savings Plan by:

[redacted] S Balmont — Trustee Director

[redacted] A Murray — Trustee Director

03-04-25 | 15:00 BST — Date

# SECTION 3 – INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF VIRGIN MONEY RETIREMENT SAVINGS PLAN

## Opinion

We have audited the financial statements of Virgin Money Retirement Savings Plan for the year ended 30 September 2024 which comprise the Fund Account, the Statement of Net Assets available for benefits and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Plan during the year ended 30 September 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; 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, made under the Pensions Act 1995.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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.

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 Plan's ability to continue as a going concern for a period of 12 months from when the Plan's financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Plan's ability to continue as a going concern.

## Other information

The other information comprises the information included in the annual report, other than the financial statements, our auditor's report thereon and our auditor's statement about contributions. The Trustee is responsible for the other information contained within the annual report.

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF VIRGIN MONEY RETIREMENT SAVINGS PLAN (CONTINUED)

### Other information (continued)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 9, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the Trustee is responsible for assessing the Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

### Auditor's 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 auditor's 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.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with the Trustee.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Plan and determined that the most significant related to pensions legislation and the financial reporting framework. These are the Pensions Act 1995 and 2004 (and regulations made thereunder), FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice (Financial Reports of Pension Schemes). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF VIRGIN MONEY RETIREMENT SAVINGS PLAN (CONTINUED)

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We understood how the Plan is complying with these legal and regulatory frameworks by making enquiries of the Trustee. We corroborated our enquiries through our review of the Trustee's meeting minutes.

- We assessed the susceptibility of the Plan's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Plan has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. In our assessment, we considered the risk of management override of controls. Our audit procedures included verifying cash balances and investment balances to independent confirmations, testing manual journals on a sample basis and also those journals where there is an increased risk of override, and an assessment of segregation of duties. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the Trustee for its awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of Trustee's minutes.

- The Plan is required to comply with UK pensions regulations. As such, we have considered the experience and expertise of the engagement team, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Plan with these regulations as part of our audit procedures.

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

### Use of our report

This report is made solely to the Plan's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Ernst & Young LLP
Statutory Auditor
Reading

Date 4th April 2025

# SECTION 4 – FINANCIAL STATEMENTS

## FUND ACCOUNT FOR YEAR ENDED 30 SEPTEMBER 2024

| | Note | 2024 £000 | 2023 £000 |
|---|---|---|---|
| **CONTRIBUTIONS AND BENEFITS** | | | |
| Contributions - employer | *4* | **64,677** | 56,413 |
| - members | *4* | **121** | 174 |
| **Total contributions** | | **64,798** | 56,587 |
| Transfers in | 5 | **3,360** | 873 |
| Other income | *6* | **63** | 111 |
| | | **68,221** | 57,571 |
| **BENEFITS** | | | |
| Benefits paid or payable | *7* | **(2,219)** | (2,258) |
| Payments to and on account of leavers | *8* | **(15,019)** | (10,707) |
| Group transfers out | *9* | **(22,421)** | (30,019) |
| Administrative expenses | *10* | **(1,313)** | (1,613) |
| | | **(40,972)** | (44,597) |
| **Net additions from dealing with members** | | **27,249** | 12,974 |
| **RETURNS ON INVESTMENTS** | | | |
| Investment income | *11* | **-** | 2 |
| Change in market value of investments | *12.1* | **88,691** | 35,131 |
| **Net returns on investments** | | **88,691** | 35,133 |
| **Net increase in the Plan assets during the year** | | **115,940** | 48,107 |
| **Balance of the Plan at the start of the year** | | **407,739** | 359,632 |
| **Balance of the Plan at the end of the year** | | **523,679** | 407,739 |

The notes on pages 17 to 29 form part of these financial statements.

## STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 30 SEPTEMBER 2024

| | Note | 2024 £000 | 2023 £000 |
|---|---|---|---|
| **Investment assets** | *12.1* | | |
| Pooled investment vehicles | | **523,685** | 407,690 |
| **Current assets** | *14* | **132** | 536 |
| **Current liabilities** | *15* | **(138)** | (487) |
| **Net assets of the Plan at the end of the year** | | **523,679** | 407,739 |

The financial statements summarise the transactions of the Plan and deal with the Net Assets at the disposal of the Trustee. They do not take account of obligations to pay benefits which fall due after the end of the Plan year.

Signed for and on behalf of the Trustee Directors of the Virgin Money Retirement Savings Plan by:

[redacted] S Balmont

Trustee Director

[redacted] A Murray

Trustee Director

03-04-25 | 15:00 BST

Date

The notes on pages 17 to 29 form part of these financial statements.

# SECTION 5 – NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

### 1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the guidance set out in the Statement of Recommended Practice (Revised 2018) ("the SORP").

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Plan has adequate resources to realise its assets and meet retirement benefits due in the normal course of affairs (continue to operate) for at least the next twelve months.

### 2 GENERAL INFORMATION OF THE FINANCIAL STATEMENTS

The Plan is established as a trust under English law. The address for enquiries to the Plan is:

Glen Rudd
Secretary to the Trustee
Virgin Money Limited
Jubilee House, Gosforth
Newcastle Upon Tyne
NE3 4PL
Email: glen.rudd@virginmoney.com

### 3 ACCOUNTING POLICIES

The following principal accounting policies, which have been consistently applied during the year, are set out below.

#### 3.1 Contributions

Employee normal and additional contributions are accounted for when deducted from pay. Employer normal contributions are accounted for in the period to which the corresponding pay relates.

Employer expense contributions are accounted for in accordance with the agreement under which they are being paid.

#### 3.2 Benefits

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 retirement or leaving.

#### 3.3 Transfers to and from other schemes

Individual transfers in or out are accounted for when paid or received which is normally when member liability is accepted or discharged.

Group transfers in and out are accounted for in accordance with the terms of the transfer agreement.

#### 3.4 Administrative and investment manager expenses

Administration and investment manager expenses are accounted for on an accruals basis.

#### 3.5 Other income

Other income is accounted for on an accruals basis.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

### 3 ACCOUNTING POLICIES (CONTINUED)

#### 3.6 Investment income

Interest is accrued on a daily basis.

Investment income arising from the underlying investments of the Pooled Investment Vehicles is reinvested within the Pooled Investment Vehicles and reflected in the unit price. Income is reported within 'Change in Market Value'.

#### 3.7 Investments

Pooled investments are stated at bid price for funds with bid/offer spreads, or single price where there is no bid/offer spread provided by the investment manager.

#### 3.8 Additional voluntary contributions ("AVC")

Contributions received are invested with the Plan's main assets and have been included within the net assets of the Plan. Contributions received from members and monies payable by the Trustee in respect of benefits arising under AVC arrangements have similarly been included within the Fund Account.

#### 3.9 Currency

The Plan's functional currency and presentational currency is pounds sterling (GBP).

### 4 CONTRIBUTIONS

| | **2024** | 2023 |
|---|---|---|
| | **£000** | £000 |
| **Employers:** | | |
| Normal | **60,543** | 53,909 |
| Additional | **2,956** | 1,466 |
| Contributions to cover expenses | **1,178** | 1,038 |
| **Members:** | | |
| Normal | **14** | 36 |
| Additional voluntary contributions | **107** | 138 |
| | **64,798** | 56,587 |

The Principal Employer introduced a "Salary Sacrifice" arrangement in relation to Plan contributions with effect from 1 October 2008. Actual normal Employer contributions are £37,148K (2023: £33,652K) plus £26,371K (2023: £21,692K) deducted from members' salaries under this arrangement. The contributions of those members who do not participate in the salary sacrifice arrangement are shown in normal member contributions.

The Trustee agreed to allow the Principal Employer a temporary break from further expense contributions for the period 1 April 2024 to 30 September 2024. After this period, expense contributions recommenced at the rate of 0.75% of contributory salaries. The Trustee also agreed to allow a temporary break from further expense contributions for the period 1 April 2023 to 30 September 2023.

Employer additional contributions represent bonus and severance waiver payments; these contributions fluctuate from year to year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024 (CONTINUED)

### 5 TRANSFERS IN

| | 2024 | 2023 |
|---|---|---|
| | £000 | £000 |
| Individual transfers in from other schemes | 3,360 | 873 |

### 6 OTHER INCOME

| | 2024 | 2023 |
|---|---|---|
| | £000 | £000 |
| VAT refunds received | 63 | 111 |

VAT receipts relate to refunds of VAT paid on administration fees over the periods.

### 7 BENEFITS PAID OR PAYABLE

| | 2024 | 2023 |
|---|---|---|
| | £000 | £000 |
| Pension commencement and retirement lump sums | 1,826 | 1,279 |
| Lump sum death benefits | 393 | 979 |
| | 2,219 | 2,258 |

Lump sum death benefits represent member funds distributed to beneficiaries upon a members' death.

### 8 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

| | 2024 | 2023 |
|---|---|---|
| | £000 | £000 |
| Individual transfers to other schemes | 15,019 | 10,707 |

### 9 GROUP TRANSFERS OUT

| | 2024 | 2023 |
|---|---|---|
| | £000 | £000 |
| Group transfers out | 22,421 | 30,019 |

The annual sweep of 602 deferred members (2023: 802) was undertaken on 16 July 2024 and £22,421K (19 July 2023: £30,019K) was transferred to the Virgin Money section of the Fidelity Master Trust for members who had become deferred members between 1 January 2023 and 31 December 2023 via a re-registration of units and cash dealings. Transaction costs incurred amounted to £134  (2023: £1.9K).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024 (CONTINUED)

### 10 ADMINISTRATIVE EXPENSES

| | **2024** | 2023 |
|---|---|---|
| | **£000** | £000 |
| Administration Fees | **708** | 1,087 |
| Legal Fees | **120** | 98 |
| Trustee Fees | **57** | 44 |
| Audit Fees | **44** | 40 |
| Plan Levy Fees | **47** | 39 |
| Investment Consultancy | **337** | 305 |
| | **1,313** | 1,613 |

### 11 INVESTMENT INCOME

| | **2024** | 2023 |
|---|---|---|
| | **£000** | £000 |
| Other income received from Fidelity | **-** | 2 |

### 12 INVESTMENTS

#### 12.1 Investment Reconciliation

| | *Value at 30/09/23* | *Purchase cost* | *Sales proceeds* | *Change in market value* | *Value at 30/09/24* |
|---|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** | **£000** |
| Pooled investment vehicles | 407,690 | 110,796 | (83,492) | 88,691 | **523,685** |

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. Included within purchases and sales of investments are investment switches of £43,064K (2023: £31,328K). Sales include the £22,421K (2023: £30,019K) annual sweep of the deferred members of the Virgin Money Retirement Savings Plan to the Virgin Money Section of the Fidelity Master Trust on 16 July 2024 as specified in note 9. A review of the investment performance can be found in the Investment Performance Summary appendix to this report.

Included within pooled investment vehicles are additional voluntary contribution assets belonging to members who have made additional voluntary contributions. These contributions are aggregated with other contributions and, together with associated changes in investment values, are not separately identifiable.

Where the investments are held in managed and unitised funds the change in market value also includes expenses both implicit and explicit to the Plan and any reinvested income, where the income is not distributed.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024 (CONTINUED)

### 12 INVESTMENTS (CONTINUED)

The Plan bears the costs of transactions in pooled investment vehicles. Direct transaction costs are incurred as specified in note 9. Indirect transaction costs are taken into account when calculating the bid/offer spread (the difference in the purchase price and the selling price) of units in these investment vehicles. It is not possible to separately identify these costs. Further information on investment costs can be found in the Chair's Statement in the appendices.

Investment assets comprise the following:

| | 2024 | 2023 |
|---|---|---|
| | £000 | £000 |
| Investment assets allocated to members | 522,276 | 406,312 |
| Investment assets not allocated to members | 1,409 | 1,378 |
| | 523,685 | 407,690 |

### 12.2 TAXATION

The Plan 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.

### 12.3 POOLED INVESTMENT VEHICLES

| | 2024 | 2023 |
|---|---|---|
| | £000 | £000 |
| Equities* | 375,465 | 303,224 |
| Bonds | 4,563 | 4,150 |
| Diversified growth funds* | 139,320 | 96,939 |
| Property funds | 500 | 289 |
| Cash | 3,837 | 3,088 |
| | 523,685 | 407,690 |

**The VM Pre-Retirement Drawdown Fund was reclassified from equities to diversified growth in the current year.*

The Plan's assets are invested in pooled funds (known as "white labelled funds", which are specific to the requirements of the Plan and only available to the Virgin Money Retirement Savings Plan) provided by the platform provider, Fidelity. The Plan is the sole investor in these funds. These funds are branded as "Fidelity Virgin Money funds" and comprise an underlying pooled fund or combination of pooled funds from the external fund managers shown in note 12.5 on pages 24 to 26.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024 (CONTINUED)

### 12.4 FAIR VALUE DETERMINATION

The fair value of financial instruments has been estimated 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.) |

The Plan's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

| **As at 30 September 2024** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** |
| **Pooled investment vehicles** | **-** | **523,685** | **-** | **523,685** |

| As at 30 September 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Pooled investment vehicles | - | 407,690 | - | 407,690 |

Pooled investment vehicles which are traded regularly are generally included in level 2.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024 (CONTINUED)

### 12.5 INVESTMENT RISK DISCLOSURES

**Investment risks**

FRS 102 requires certain disclosures in relation to investment risks arising from financial instruments. Pension Schemes need to disclose information that enables users of its financial statements to evaluate the nature and extent of the market risk and credit risk arising from the investments at the end of the reporting period.

It defines market risk as:

- the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk:

- Interest rate risk - the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- Currency risk - the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Other price risk - the risk that the fair value or future cash flows of a financial instrument 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 financial instrument or its issuer, or actions affecting all similar financial instruments traded in the market.

It defines credit risk as:

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

The Trustee's objective is to make available to members an appropriate range of investment options designed to generate income and capital growth, which together with new contributions from members and their employer, aim to provide levels of pension benefit commensurate with contributions made and risk accepted. The Statement of Investment Principles sets out further details on the investment objectives and strategy for the Plan.

The investment funds offered to members through the Fidelity platform are white-labelled funds which cover a range of asset classes as follows:

a. Equities

b. Bonds

c. Cash

d. Diversified growth funds

e. Property funds

The underlying investment funds are managed by investment managers via the platform provider (the Trustee selects and accesses investment funds on the platform). The day-to-day management of the underlying investments of the funds is the responsibility of the investment manager, including the direct management of credit and market risks.

The Trustee monitors the underlying risks by quarterly investment reviews with the Plan's Investment advisor.

**Market risk**

The Plan is subject to indirect foreign exchange, interest rate and other price risks associated with the underlying investments in pooled arrangements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024 (CONTINUED)

### 12.5 INVESTMENT RISK DISCLOSURES (CONTINUED)

The following tables illustrates the extent to which the Plan's investments are subject to the above risks as at 30 September 2023 and 30 September 2024.

| DC investment assets | Credit Risk | Interest Rate Risk | Currency Risk | Other Risk | Market Value £000 30 September 2024 | Market Value £000 30 September 2023 |
|---|---|---|---|---|---|---|
| | | | | | **£000** | £000 |
| **Fidelity Virgin Money Index-Linked Fund** | **Yes** | **Yes** | **No** | **Yes** | **962** | **528** |
| *100.00% (BlackRock) iShares Index Linked Gilt Tracker Fund* | Yes | Yes | No | Yes | 962 | 528 |
| **Fidelity Virgin Money Cash Fund** | **Yes** | **Yes** | **No** | **No** | **3,837** | **3,088** |
| *100.00% L&G Cash Fund* | Yes | Yes | No | No | 3,837 | 3,088 |
| **Fidelity Virgin Money Islamic Equity Fund** | **Yes** | **No** | **Yes** | **Yes** | **2,139** | **670** |
| *100.00% HSBC Islamic Global Equity Index Fund* | Yes | No | Yes | Yes | 2,139 | 670 |
| **Fidelity Virgin Money Diversified Fund** | **Yes** | **Yes** | **Yes** | **Yes** | **128,015** | **96,939** |
| *100.00% L&G Future World Multi Asset Fund* | Yes | Yes | Yes | Yes | 128,015 | 64,992 |
| *0.00% Baillie Gifford Multi Asset Growth Fund* | Yes | Yes | Yes | Yes | - | 31,947 |
| **Fidelity Virgin Money Property Fund** | **Yes** | **Yes** | **No** | **Yes** | **500** | **289** |
| *100.00% L&G Managed Property Fund* | Yes | Yes | No | Yes | 500 | 289 |
| **Fidelity Virgin Money Defensive Bonds Fund** | **Yes** | **Yes** | **Yes** | **Yes** | **2,642** | **2,306** |
| *100.00% M&G Sustainable Total Return Credit Investment Fund* | Yes | Yes | Yes | Yes | 2,642 | 2,306 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024 (CONTINUED)

### 12.5 INVESTMENT RISK DISCLOSURES (CONTINUED)

**Market Risk (continued)**

| DC investment assets | Credit Risk | Interest Rate Risk | Currency Risk | Other Risk | Market Value £000 30 September 2024 | Market Value £000 30 September 2023 |
|---|---|---|---|---|---|---|
| **Fidelity Virgin Money Growth Fund** | **Yes** | **No** | **Yes** | **Yes** | **369,449** | **285,191** |
| *50.00% L&G Future World Global Equity Index (GBP hedged) Fund* | Yes | No | No | Yes | 187,691 | 141,173 |
| *33.35% Schroder Life Sustainable Multi Factor Equity Fund* | Yes | No | Yes | Yes | 121,463 | 97,761 |
| *16.65% L&G Future World Global Equity Index Fund* | Yes | No | Yes | Yes | 60,295 | - |
| *0.00% Baillie Gifford Sustainable Growth Fund (formerly known as Baillie Gifford Global Stewardship Fund)* | Yes | No | Yes | Yes | - | 46,257 |
| **Fidelity Virgin Money Sustainable Active Equity Fund** | **Yes** | **No** | **Yes** | **Yes** | **1,680** | **1,121** |
| *100.00% Schroder Life Sustainable Multi Factor Equity Fund* | Yes | No | Yes | Yes | 1,680 | *761* |
| *0.00% Baillie Gifford Sustainable Growth Fund* | Yes | No | Yes | Yes | - | 360 |
| **Fidelity Virgin Money Pre-Retirement (Targeting Annuity) Fund** | **Yes** | **Yes** | **No** | **No** | **960** | **461** |
| *100.00% L&G Future World Annuity Aware* | Yes | Yes | No | No | 960 | 461 |
| **Fidelity Virgin Money Pre-Retirement (Targeting Drawdown) Fund** | **Yes** | **Yes** | **Yes** | **Yes** | **11,304** | **7,321** |
| *100.00% L&G Retirement Income Multi-Asset Fund* | Yes | Yes | Yes | Yes | 11,304 | 7,321 |
| **Fidelity Virgin Money Sustainable Passive Fund** | **Yes** | **No** | **Yes** | **Yes** | **2,197** | **67** |
| 50.00% L&G Future World Global Equity Index Fund | Yes | No | Yes | Yes | 1,080 | 34 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024 (CONTINUED)

### 12.5 INVESTMENT RISK DISCLOSURES (CONTINUED)

**Market Risk (continued)**

| **DC investment assets** | **Credit Risk** | **Interest Rate Risk** | **Currency Risk** | **Other Risk** | **Market Value £000 30 September 2024** | Market Value £000 30 September 2023 |
|---|---|---|---|---|---|---|
| *50.00% L&G Future World Global Equity Index GBP Hedged Fund* | Yes | No | No | Yes | 1,117 | 33 |
| **Fidelity Virgin Money UK Equity Fund** | **Yes** | **No** | **No** | **Yes** | **-** | **2,966** |
| *100.00% BlackRock ACS UK Equity Fund* | Yes | No | No | Yes | - | 2,966 |
| **Fidelity Virgin Money Emerging Markets Equity Fund** | **Yes** | **No** | **Yes** | **Yes** | **-** | **1,569** |
| *100.00% BlackRock Emerging Markets Fund* | Yes | No | Yes | Yes | - | 1,569 |
| **Fidelity Virgin Money World ex UK Equity Fund** | **Yes** | **No** | **Yes** | **Yes** | **-** | **3,932** |
| *100.00% BlackRock ACS World ex UK Fund* | Yes | No | Yes | Yes | - | 3,932 |
| **Fidelity Virgin Money World ex UK Equity (Currency Hedged) Fund** | **Yes** | **No** | **No** | **Yes** | **-** | **387** |
| *100.00% L&G World (ex UK) Developed Equity Index - GBP Currency Hedged Fund* | Yes | No | No | Yes | - | 387 |
| **Fidelity Virgin Money Long Corporate Bonds Fund** | **Yes** | **Yes** | **No** | **No** | - | **489** |
| *100.00% BlackRock Aquila Connect Corporate Bond Index Over 15 Years Fund* | Yes | Yes | No | No | - | 489 |
| **Fidelity Virgin Money Long Gilts Fund** | **Yes** | **Yes** | **No** | **No** | - | **366** |
| *100.00% (BlackRock) iShares Over 15 Years Gilts Index Fund* | Yes | Yes | No | No | - | 366 |
| | | | | | **523,685** | **407,690** |

The risk exposure for members will depend on the funds in which they choose to invest. The Trustee takes advice from their investment adviser and has considered the risk attributes when selecting the above funds.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024 (CONTINUED)

### 12.5 INVESTMENT RISK DISCLOSURES (CONTINUED)

**Credit risk**

The Plan's investments are wholly in pooled investment vehicles and are therefore subject to direct credit risk in so far as the Plan is reliant on the pooled managers remaining solvent to support the units held by members. The risk is mitigated by the type of pool arrangements in place (and therefore the provisions the Plan's platform provider has in place to recover any losses in the event of default of an underlying manager) and by diversifying the investments amongst a number of managers.

The Trustee accesses the underlying funds through the fund platform provided by Fidelity. There is an additional (direct) credit risk if the platform provider were to default and is no longer able to fulfil its obligations to the Trustee. This risk is mitigated by recourse the Trustee may have as an eligible claimant under the Financial Services Compensation Scheme ("FSCS") should a default occur. However, the Trustee understands that the position has not been tested in practice and the extent of FSCS protection is uncertain.

The Plan is also indirectly exposed to credit risk as some of the underlying investments within the pooled funds invest in a range of credit instruments and are subject to risk of default of the underlying issuer(s). The Trustee has considered the indirect credit risk through the choice of funds and mandates and expects the underlying managers to diversify their investment holdings to minimise the impact of default by any one issuer. The risk is further mitigated by the types of investments held. Index-linked gilts are high quality, low risk investment grade bonds backed by the United Kingdom government. The credit risk of corporate bonds and diversified growth funds is mitigated by the underlying managers' analysis of the credit quality of the securities held within these funds.

Pooled investment vehicles comprise unit-linked insurance contracts as follows:

| | **2024** | 2023 |
|---|---|---|
| | **£000** | £000 |
| Unit linked insurance contracts | **523,685** | 407,690 |

### 12.6 CONCENTRATION OF INVESTMENTS

The following investments amounted to more than 5% of the total net assets of the Plan:

| | **2024** | **2024** | 2023 | 2023 |
|---|---|---|---|---|
| | **£000** | **%** | £000 | % |
| **Fidelity Virgin Money Growth Fund** | **369,449** | **70.6** | 285,191 | 69.9 |
| *50.00% L&G Future World Global Equity Index (GBP hedged) Fund* | 187,691 | 35.8 | 141,173 | 34.6 |
| *33.35% Schroder Life Sustainable Multi Factor Equity Fund* | *121,463* | *23.2* | *97,761* | *24.0* |
| *0.00% Baillie Gifford Sustainable Growth Fund* | - | - | *46,257* | *11.3* |
| *16.65% L&G Future World Global Equity Index Fund* | 60,295 | 11.5 | - | - |
| **Fidelity Virgin Money Diversified Fund** | **128,015** | **24.4** | 96,939 | 23.8 |
| *100.00% L&G Future World Multi Asset Fund* | *128,015* | *24.4* | *64,992* | *15.9* |
| *0.00% Baillie Gifford Multi Asset Growth Fund* | - | - | *31,947* | *7.9* |

## 13 EMPLOYER-RELATED INVESTMENTS

There has been no material exposure to employer-related investments in the current or previous year (2024: 0%; 2023: 0.0063%).

## 14 CURRENT ASSETS

| | 2024 | | |
|---|---|---|---|
| | **Allocated to members** | **Not allocated to members** | **Total** |
| | **£000** | **£000** | **£000** |
| Other debtors and prepayments | **-** | **63** | **63** |
| Cash balances | **-** | **69** | **69** |
| | **-** | **132** | **132** |

| | 2023 | | |
|---|---|---|---|
| | Allocated to members | Not allocated to members | Total |
| | £000 | £000 | £000 |
| Other debtors and prepayments | 132 | 83 | 215 |
| Cash balances | 219 | 102 | 321 |
| | 351 | 185 | 536 |

Other debtors and prepayments relate to cash in transit with investment managers and prepaid fees.

## 15 CURRENT LIABILITIES

| | **2024** | | |
|---|---|---|---|
| | **Allocated to members** | **Not allocated to members** | **Total** |
| | **£000** | **£000** | **£000** |
| Unpaid benefits | **-** | **-** | **-** |
| Accrued expenses | **-** | **138** | **138** |
| | **-** | **138** | **138** |

| | 2023 | | |
|---|---|---|---|
| | Allocated to members | Not allocated to members | Total |
| | £000 | £000 | £000 |
| Unpaid benefits | 351 | - | 351 |
| Accrued expenses | - | 136 | 136 |
| | 351 | 136 | 487 |

## 16 RELATED PARTIES

The Plan received contributions in respect of seven Trustee Directors who are contributing members of the Plan.

The Principal Employer provides secretarial services to the Trustee and the cost of these services is payable by the Plan and included with administration expenses in note 10. The total amount charged in the year was £401K (2023: £406K). Trustee fees paid by the Plan were £57K (2023: £44K).

The administration of the Plan is carried out by the in-house Group Pensions team within the Principal Employer's Human Resources function as detailed in note 10 on page 20.

The Plan bank account is with Virgin Money plc. No interest was received in the period (2023: £ nil).

All of the above transactions were made in accordance with the Plan Rules.

# SECTION 6 – INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE VIRGIN MONEY RETIREMENT SAVINGS PLAN

We have examined the summary of contributions to the Virgin Money Retirement Savings Plan for the Plan year ended 30 September 2024 which is set out on page 31.

In our opinion contributions for the Plan year ended 30 September 2024 as reported in the summary of contributions and payable under the Payment Schedule have in all material respects been paid at least in accordance with the Payment Schedule dated 21 April 2022.

### Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions on page 31 have in all material respects been paid at least in accordance with the Payment Schedule. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Payment Schedule.

### Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Plan's Trustee is responsible for securing that a Payment Schedule is prepared, maintained and from time to time revised and for monitoring whether contributions are made to the Plan by the employer in accordance with the Payment Schedule.

It is our responsibility to provide a Statement about Contributions paid under the Payment Schedule and to report our opinion to you.

### Use of our statement

This statement is made solely to the Plan's Trustee, as a body, in accordance with regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our work, for this statement, or the opinions we have formed.

Ernst & Young LLP

Ernst & Young LLP
Statutory Auditor
Reading

Date: 4th April 2025

# TRUSTEE'S SUMMARY OF CONTRIBUTIONS

### TRUSTEE'S SUMMARY OF CONTRIBUTIONS

This summary of contributions has been prepared by, or on behalf of the Trustee and is the responsibility of the Trustee. The employer and member contributions payable to the Plan in respect of the Plan year ended 30 September 2024 are set out in the Payment Schedule dated 21 April 2022. The Plan auditor reports on contributions payable under the Schedule in its auditor's statement about contributions.

### SUMMARY OF CONTRIBUTIONS PAYABLE IN THE YEAR

During the year, the contributions payable to the Plan were as follows:

| | 2024 £000 |
|---|---|
| Employer normal contributions | 60,543 |
| Members normal contributions | 14 |
| Contributions to cover expenses | 1,178 |
| **Total contributions payable under the Schedule** | **61,735** |
| | |
| Employer additional contributions | 2,956 |
| Members additional voluntary contributions | 107 |
| | |
| **Total contributions as per note 4 in the financial statements** | **64,798** |

The Trustee agreed to allow the Principal Employer a temporary break from further expense contributions for the period 1 April 2024 to 30 September 2024. After this period, expense contributions recommenced at the rate of 0.75% of contributory salaries.

Signed for and on behalf of the Trustee Directors of The Virgin Money Retirement Savings Plan By:

[redacted] S Balmont

Trustee Director

[redacted] A Murray

Trustee Director

03-04-25 | 15:00 BST

Date

# SECTION 7 – IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2024

## Virgin Money Retirement Savings Plan

**Welcome to the Trustee's Statement of how it implemented the policies and practices in the Plan's Statement of Investment Principles during the year ended 30 September 2024 (the "Plan Year").**

### Why do the Plan's investments matter to me?

The Plan provides you with benefits on a defined contribution ("DC") basis (sometimes called money purchase benefits). This means that the amount of your retirement savings will depend on the amount of money that has been paid into the Plan, how long it has been invested, the level of charges and investment returns over this period.

### What is the Statement of Investment Principles ('SIP') and how has it changed?

The SIP sets out the investment principles and practices the Trustee follows when governing the Plan's investments. It describes the rationale for the investment options available in the Plan from which you can choose (including the default arrangement(s) if you don't make a choice), explains the risks and expected returns of the funds used and the Trustee's approach to responsible investing (including climate change).

The last review of the Plan's SIP was completed on 9 December 2024 and the next review will take place no later than September 2025. The Trustee updated the SIP to include the Trustee's policy on investing in illiquid investments to meet the regulatory requirement brought in to require this policy to be stated in the SIP

**If you want to find out more, you can find a copy of the Plan's SIP (and the Plan's Chair's Statement) at** https://uk.virginmoney.com/virgin/my-retirement

### What is this Implementation Statement for?

Each year the Trustee is required to prepare an Implementation Statement, which sets out how it has complied with the Plan's SIP during the Plan Year.

**Overall, the Trustee is satisfied that:**

- **The Plan's DC investments have been managed in accordance with the SIP; and**
- **The provisions in the SIP remain suitable for the Plan's members.**

### How the Plan's investments are governed

The Trustee has overall responsibility for how the Plan's investments are governed and managed in accordance with the Plan's Trust Deed and Rules as well as trust law, pensions law and applicable regulations. The Trustee has established an investment sub-committee which focuses on investment issues and makes recommendations to the Trustee Board.

There have been no changes to the governance processes during the Plan year. The following changes were made to the Trustee Board during the Plan Year:

- William Martin resigned as a Trustee Director
- Max Samples was appointed as a Trustee Director

The Trustee has delegated day-to-day investment decisions, such as which investments to buy and sell, to the fund managers.

The Trustee undertook the following during the Plan Year to ensure that its knowledge of investment matters remains up to date:

- The Trustee discussed DC Current Issues / Hot Topics each quarter and related this back to the Plan's default investment strategy and self-select fund range;
- The Trustee met some of the Plan's investment managers and in particular held an "investment manager day" at which the investment managers answered and discussed a number of questions and provided an update to the Trustee;
- The Trustee also received training at the investment manager day on Illiquid Investment from the investment adviser and from Fulcrum Asset Management to further their understanding of this area of potential investment for DC Pension Schemes. The Trustee also received training on active and passive management from the Investment Advise at the investment manager day.

The Trustee monitors how well their investment advisers meet the objectives agreed with them. The Plan's investment advisers have agreed the following objectives with the Trustee:

- Deliver an appropriate default arrangement for members.
- Provide advice on the self-select range that incorporates sufficient choice.
- Deliver cost efficiency within the existing strategy.
- Provide relevant and timely advice on developing areas.
- Develop Trustee's knowledge and understanding of investment matters.
- Providers services that are proportionate and competitive.
- Ensure advice complies with relevant pensions regulations and legislation.
- Deliver papers which are clear, concise, accurate, and in line with appropriate deadlines.

The Trustee has carried out an evidence-based review of the investment adviser's performance against these objectives in November 2024. This involved rating the adviser against the different objectives. The Trustee was satisfied that the objectives had been achieved for the year.

**The Trustee is satisfied that during the Plan Year:**

- **The Plan's DC governance structure was appropriate;**
- **The Trustee has maintained its understanding of investment matters; and**
- **Its investment advisers met the agreed objectives.**

## How the default arrangements and other investment options are managed

The objectives and rationale are set out in the SIP on page 80 for the default arrangements and for the other investment options on page 81.

During the Plan Year, the Trustee performed its normal ongoing monitoring of the default arrangements and other investment options to ensure they remain suitable for most members. The Trustee's normal ongoing monitoring involved:

- Ensuring that the default arrangements comply with the charge cap;
- Monitoring the investment performance of each fund (this is done on a quarterly basis);
- Monitoring the turnover of assets in which each fund is invested;
- Considering the impact on projected outcomes for members in lifestyle strategies with the help of modelling tools from the advisor;
- Monitoring the risk and return profile of each fund within the default investment strategy and the self-select fund range and ensuring that these remain suitable;

- Considering whether the funds still meet the investment objectives the Trustee has set for the default arrangements and other investment options, including consideration of the timeframe over which members will be invested;
- Checking whether there have been any significant changes in the demographic profile of the Plan's membership, members' investment choices and members' choices of benefits when they retire;
- Considering market conditions and developments in investment thinking;
- Deciding whether any changes to the default arrangements' and other investment options' objectives are necessary;
- Considering whether the design of the default arrangements and other investment options, as well as the funds they use, still meet their investment objectives;
- Considering whether the default arrangements and other investment options still represent good value for members; and
- Obtaining investment advice on any changes to the default arrangements and other investment options.

The Trustee has carried out an annual high-level review of the default arrangement and other investment options during the Plan Year to ensure they remain suitable for most members. This involved:

- Reviewing the suitability of the default arrangements;
- Comparing the default arrangements with the platform provider's default;
- Reviewing the composition of the default arrangements specifically in relation to the use of multi-asset funds;
- Reviewing pre-retirement volatility of the default arrangements and the member journey to retirement;
- Reviewing the de-risking period in the default arrangements with a view to remaining invested in equity for longer; and
- Considering the role for illiquid investing within the default arrangements.

The Trustee made the following changes to ensure that the default arrangement and self-select fund range meets the needs of most members:

- Removal of the Baillie Gifford Sustainable Growth and Multi-Asset Growth Fund from the VM Growth, Diversified and Sustainable Active Equity Funds in May 2024. These funds were replaced following ongoing monitoring by the Trustee and advice to the Trustee from the investment adviser.
- Closure of 5 self-select funds and removal of the legacy annuity lifestyle in May 2024 to simplify choice, remove duplication and rationalise fund and lifestyle choices.

**The Trustee is satisfied that the default arrangement remains suitable for most members because:**

- **Ongoing monitoring and the high-level strategy review in conjunction with the Plan's investment adviser has confirmed expected performance of the default arrangement is in line with expectations and targets to provide good outcomes for members at retirement.**

**The Trustee is satisfied that the other investment options remain suitable for members.**

## The Trustee's investment beliefs

The Trustee has developed a set of investment beliefs which are set out in the SIP on page 89 which they use as a guide when making investment decisions. These investment beliefs were reflected in the considerations made and decisions taken as part of the review of strategy and which was implemented in the Plan Year as noted above.

**There have been no changes to these beliefs during the Plan Year.**

### The expected risks and returns on your savings in the Plan

The investment risks relating to members' benefits are described in the SIP on pages 85 to 87 and the expected returns from each type of investment used by the Plan are set out in the SIP on pages 88 to 89. The Trustee closely monitored the returns on funds (and volatility of returns) receiving regular updates from its adviser. The Trustee also considered the impact on projected outcomes for members in lifestyle strategies with the help of modelling tools from the adviser and satisfied themselves that the lifestyle strategies in place were functioning appropriately.

**The Trustee believes that the main investment risks members face (as described in the SIP) have not changed materially during the Plan Year.**

**The Trustee is satisfied that the current expected rates of investment return for the types of funds described in the SIP are still reasonable relative to the risks that members face.**

In conjunction with the Trustee's investment beliefs the Trustee's views on the expected levels of investment risks and returns inform decisions on the strategic asset allocation (i.e. what types of assets and areas of the world the Plan invests in over the longer-term) for the Plan's lifestyle options (which gradually change the funds in which your savings are invested as you approach retirement).

**The Trustee's views on the long-term mix of investments for the Plan's lifestyle option(s) including the default arrangement did not change during the last year.**

However, as part of the high-level review of strategy discussed above, the Trustee agreed to consider the following change as part of the next full review of strategy in 2025:

- Adjust the glidepath in the lifestyle strategies so that the Growth Phase will extend to a period of 10 years prior to selected retirement date instead of the current 15 years, meaning members in the lifestyle strategies will retain a greater exposure to equity investments for longer which is expected to be beneficial in terms of potential outcomes.

### Platform provider and fund managers

#### Choice of platform provider and funds

The funds used by the Plan are held at arms-length from the Trustee via an investment platform. The Trustee monitors the performance of the funds used by the Plan by receiving quarterly updates from its investment adviser regarding fund suitability and any significant changes to the fund managers.

There have been no changes to the platform provider during the Plan Year although some changes to funds and closure of funds and the legacy annuity lifestyle which had been agreed by the Trustee were implemented during the Plan Year as noted above.

**The Trustee is satisfied that the platform provider (Fidelity) and funds used by the Plan remain appropriate.**

#### Ability to invest / disinvest promptly

It's important that member contributions can be invested promptly in the default arrangements or the investment options that have been chosen, and that investments can be sold promptly when a change to where they are invested is requested, or where a transfer to another plan is requested or when benefits are due to be paid out on retirement.

The Trustee ensures this happens by monitoring the service levels and standards of the investment and disinvestment processes completed by the Plan administrators, the in-house Virgin Money Team.

**The Trustee is satisfied that money can be invested in and taken out of the Plan's funds without delay as set out in the SIP.**

### Portfolio turnover within funds and Changes in where funds are invested

The Trustee monitors the performance of the assets net of costs on a quarterly basis and any material deviation in performance relative to target returns or benchmarks will warrant an investigation into the activity carried out by the fund manager, including the buying and selling of assets. In this way, the Trustee indirectly monitors portfolio turnover and the associated transaction costs.

Short-term changes in the level of portfolio turnover may be expected when a manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio turnover might indicate a shift in the amount of risk the manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen by the Trustee.

**The Trustee has not identified any instances of material deviations in performance, which would warrant detailed investigation into portfolio turnover.**

**The Trustee is satisfied that portfolio turnover within the funds used by the Plan is appropriate for the nature of the funds.**

**The Trustee is satisfied that the level of trading of the funds' assets carried out by the fund managers has been consistent with the funds' objectives.**

### Security of your savings in the Plan

In addition to the normal investment risks faced investing in the funds used by the Plan, the security of the savings in the Plan depends upon:

- The financial strength of the investment platform provider used by the Plan;
- The financial strength of the fund managers used by the Plan;
- The legal structure of the funds the Plan invests in; and

The financial strength of the platform provider and fund managers has a bearing on the risk of losses to the Plan's members caused by the remote chance of one of these institutions getting into financial difficulties. The legal structure of the funds used has a bearing on the degree to which the funds' assets are "ring-fenced" from the rest of the provider's or fund managers' business in the unlikely event that the provider or manager becomes insolvent.

As part of the move of the Plan's investments to an investment platform with Fidelity (in 2020) the Trustee considered changes to the structure of the funds used and the financial strength of the investment platform and fund managers and concluded that there is unlikely to be material impact on members. The Trustee also considered the financial strength of the fund managers used by the Plan and the legal structure of the funds the Plan invests in when agreeing and implementing the changes to funds made in 2023 and 2024 as noted above.

**There were no changes to the structure of the funds used by the Plan during the Plan Year. The Trustee is not aware of any material changes in the financial strength of the investment platform provider or the fund managers during the Plan Year.**

## Conflicts of interest

As described on pages 90 and 91 of the SIP, the Trustee considers potential conflicts of interest:

- When choosing fund managers;
- When monitoring the fund managers' investment performance and the fund managers' approaches to investment stewardship and responsible investing; and
- When the fund manager is making decisions on where each fund is invested.

The Trustee expects the fund managers to invest the Plan's assets in the members' best interests. As the funds used by the Plan are held at arms-length from the Trustee via an investment platform, the Trustee has asked the platform provider to report on its own investment governance of the funds including potential conflicts of interest. The Trustee meets with and receives a presentation from Fidelity as fund platform provider reporting on any conflicts arising and the management of any conflicts.

**The Trustee is satisfied that there have been no material conflicts of interest during the year which might affect members' benefit expectations.**

## Manager incentives

As described on page 92 of the SIP, the Trustee seeks to ensure that the fund managers are suitably incentivised to deliver investment performance in keeping with the funds' objectives.

The funds used by the Plan are held at arms-length from the Trustee via an investment platform. Nevertheless, the Trustee believes it is in the platform provider's best commercial interests to ensure that the fund managers are suitably incentivised to meet their funds' investment objectives.

**The Trustee is satisfied that the fund managers are suitably incentivised to deliver good outcomes for the Plan's members.**

## Responsible Investment

The Trustee believes that responsible investing covers both sustainable investment and effective stewardship of the assets the Plan invests in.

**The Trustee's approach to responsible investing remains appropriate and has not changed during the Plan year.**

### Sustainable Investment

The Trustee believes that investing sustainably is important to control the risks that environmental factors (including climate change), social factors (such as the use of child labour) and corporate governance behaviour (together called "ESG" factors) can have on the value of the Plan's investments and in turn the amount of members' retirement benefits.

The Trustee has considered the length of time members' contributions are invested in the Plan when choosing and reviewing the funds used in the investment options. The Plan potentially has members joining from age 16, who could therefore have savings invested over a multi-decade time horizon.

The Trustee has allocated proportions of the default strategy to funds that are managed on a sustainable basis and also offers members a number of self-select funds managed on this basis. At the end of the Plan year 96% of Plan assets were managed on a sustainable basis.

The Trustee periodically reviews the platform provider's and fund managers' approaches to sustainable investing.

**The Trustee is satisfied that during the Plan Year the Plan's investments were invested in accordance with the policies on sustainable investing set out in the SIP.**

## Investment stewardship

Investment stewardship refers to responsible oversight of capital, typically with a long-term perspective. It is typically done through actively discussing concerns or suggestions with companies that are invested in (also known as ‘engagement’) and using voting rights to ensure the voice of the investor is heard, both with the aim of protecting the long-term value of investments.

As described on pages 91 to 97 of the SIP, the Trustee believes it is important that the fund managers as shareholders or bond holders take an active role in the supervision of the companies in which they invest. This includes voting at shareholder meetings and engaging with the management on major issues which affect a company’s financial performance (and in turn the value of the Plan’s investments).

As the Plan’s investments are in pooled investment vehicles, the Trustee is not able to tell the fund managers how they should vote on shareholder issues. The Trustee nevertheless:

- Chooses fund managers whose voting policies are consistent with the Plan’s objectives;
- Expects fund managers to vote in a way which enhances the value of the funds in which the Plan invests; and
- Monitors how the fund managers exercise their voting rights.

### How does the Trustee monitor this?

The Trustee periodically reviews the platform provider’s and fund managers approaches to stewardship including voting and engagement policies.

The Trustee receive reports from the platform provider on how the fund managers have voted at shareholder meetings and what topics fund managers have discussed with the companies in which they invest.

The funds with voting rights attached that are available (or were available during the Plan Year) to members as part of the default fund range or the self-select fund range are listed below along with summary voting statistics for each fund, where the information has been received.

- Fidelity Virgin Money Growth Fund
- Fidelity Virgin Money Diversified Fund
- Fidelity Virgin Money Pre-Retirement Targeting Drawdown Fund
- Fidelity Virgin Money World ex UK Equity Fund (removed during Plan year)
- Fidelity Virgin Money UK Equity Fund (removed during Plan year)
- Fidelity Virgin Money Emerging Markets Equity Fund (removed during Plan year)
- Fidelity Virgin Money Sustainable Active Equity Fund
- Fidelity Virgin Money Sustainable Passive Equity Fund
- Fidelity Virgin Money Islamic Equity Fund
- Fidelity Virgin Money World ex UK Equity (Currency Hedged) Fund (removed during Plan year)

| | No. of resolutions eligible to vote | % resolutions voted | Of the resolutions voted, the % voted for management | Of the resolutions voted, the % against management | Of the resolutions voted, the % abstained |
|---|---|---|---|---|---|
| Fidelity Virgin Money Growth Fund | | | | | |
| L&G Future World Global Equity Index (GBP hedged) | 55,162 | 99.8% | 80.6% | 18.8% | 0.6% |
| Schroder Sustainable Global Multi Factor Equity | 4,660 | 90.8% | 86.6% | 13.4% | 0.0% |
| Baillie Gifford Sustainable Growth Fund | 847 | 100% | 93.5% | 6.0% | 0.5% |
| Fidelity Virgin Money Diversified Fund | | | | | |
| L&G Future World Multi-Asset Fund | 96,779 | 99.8% | 76.6% | 22.9% | 0.5% |
| Baillie Gifford Multi-Asset Growth Fund | 623 | 94.9% | 94.9% | 3.4% | 1.7% |
| Fidelity Virgin Money Pre-Retirement Targeting Drawdown | | | | | |
| L&G Retirement Income Multi-Asset Fund | 107,100 | 99.8% | 77.1% | 22.4% | 0.5% |
| Fidelity Virgin World ex UK Equity Fund | | | | | |
| BlackRock ACS World ex UK Fund | 24,428 | 93.0% | 94.0% | 5.0% | 0.0% |
| Fidelity Virgin Money UK Equity Fund | | | | | |
| BlackRock ACS UK Equity Fund | 14,564 | 96.0% | 96.0% | 3.0% | 1.0% |
| Fidelity Virgin Money Emerging Markets Equity Fund | | | | | |
| BlackRock Emerging Markets Index* | 22,871 | 99.0% | 87.0% | 12.0% | 2.0% |

| | No. of resolutions eligible to vote | % resolutions voted | Of the resolutions voted, the % voted for management | Of the resolutions voted, the % against management | Of the resolutions voted, the % abstained |
|---|---|---|---|---|---|
| Fidelity Virgin Money Sustainable Active Equity Fund | | | | | |
| Schroder Sustainable Global Multi Factor Equity | 4,660 | 90.8% | 86.6% | 13.4% | 0.0% |
| Baillie Gifford Sustainable Growth Fund | 847 | 100% | 93.5% | 6.0% | 0.5% |
| Fidelity Virgin Money Sustainable Passive Equity Fund | | | | | |
| L&G Future World Global Equity Index Fund | 55,162 | 99.8% | 80.6% | 18.8% | 0.6% |
| Fidelity Virgin Money Islamic Equity Fund | | | | | |
| HSBC Islamic Equity Fund | 1,672 | 94.0% | 77.0% | 22.0% | 0.0% |
| Fidelity Virgin Money World ex UK Equity (Currency Hedged) Fund | | | | | |
| L&G World ex UK Developed (GBP) Hedged | 26,936 | 99.6% | 77.0% | 22.6% | 0.4% |

* Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting which could be voted in differing ways, or where a vote of 'Abstain' may be considered a vote against management.
Source: Fidelity (platform provider)

The Trustee also considers how the fund managers voted on specific issues. The Trustee considers 'significant votes' to be either companies with relatively large weightings in the funds members invest in, or where there were shareholder issues that members are expected to have an interest.

The following funds do not have voting rights and the Trustee is exploring ways to engage with these managers:

- BlackRock Corporate Bond Index Over 15 Years (removed during Plan year)
- BlackRock Index Linked Gilt Tracker Fund
- BlackRock Over 15 years Gilts Tracker Fund (removed during Plan year)
- L&G Managed Property Fund
- L&G Cash Fund

The funds/managers in question fit into the strategy in the following ways:

- The L&G Future World Global Equity Index (GBP Hedged) Fund (50%), Schroder Sustainable Global Multi Factor Equity Fund (33%) and L&G Future World Global Equity Index Fund (17%) make up the Virgin Money Growth Fund which is used in the three main lifestyles and is a self-select fund and represents c70.6% of Plan Assets (the L&G Future World Global Equity Index Fund replaced the Baillie Gifford Sustainable Growth Fund during the Plan Year,)
- The L&G Future World Multi Asset Fund (100%) makes up the Virgin Money Diversified Fund which is used in the three main lifestyles and is a self-select fund and represents c24.5% of Plan Assets (the Baillie Gifford Multi Asset Growth Fund formerly made up 33% of this Fund but was replaced during the Plan Year)
- The L&G Retirement Income Multi-Asset Fund makes up the Virgin Money Pre-Retirement Targeting Drawdown Fund which is used in the Drawdown Lifestyle and is a self-select fund and represents 2.2% of Plan assets.
- The L&G Future World Global Equity Index (GBP Hedged) Fund (50%) and L&G Future World Global Equity Index Fund (50%) make up the Virgin Money Sustainable Passive Equity Fund which is a self-select fund and represents c0.4% of Plan Assets
- The Schroder Sustainable Global Multi Factor Equity Fund (100%) makes up the Virgin Money Sustainable Active Equity Fund which is a self-select fund and represents c0.3% of Plan assets (the Baillie Gifford Sustainable Growth Fund formerly made up 33% of this Fund but was replaced during the Plan Year)
- The HSBC Islamic Equity Fund makes up the Virgin Money Islamic Equity Fund is a self-select fund and represents c0.4% of Plan Assets
- The BlackRock funds and L&G World ex UK Developed (GBP) Hedged Funds were discontinued during the Plan Year and no longer have any member assets. These funds which either formed part of the legacy lifestyle (now discontinued) or were self-select funds which were closed during the Plan year.

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The most significant shareholder votes and how the fund managers voted during the last year were:

| Date | Company | Subject (theme/summary) | Manager's vote and rationale |
|---|---|---|---|
| 07/12/2023 | Microsoft Corporation | Climate – Report on climate risk in retirement plan options. | HSBC and Schroders voted for. They welcome the company providing additional disclosure around how it is protecting its employee plan beneficiaries from climate risk particularly in its default retirement options. Baillie Gifford, BlackRock and LGIM voted against. They believe this is not a material risk for the company and think they are doing enough by offering employees a range of investment options. |
| 28/02/2024 | Apple Inc. | Social – Shareholder proposal regarding EEO Policy Risk Report | Baillie Gifford, BlackRock, HSBC, LGIM and Schroders voted against. The company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice. |
| 23/05/2024 | NextEra Energy, Inc | Climate – Shareholder resolution regarding lobbying alignment with climate commitments. | Baillie Gifford, LGIM and Schroders voted for. They believe that clear and transparent support for Paris-aligned goals through lobbying is one-way shareholders look to demonstrate consistency with their climate targets. However, BlackRock voted against as they believe the company is already enhancing its relevant disclosures. |
| 13/06/2024 | Tesla, Inc | Diversity – Report on harassment and discrimination prevention efforts. | Baillie Gifford, BlackRock, LGIM and Schroders voted for. Shareholders would benefit from a deeper understanding and more transparency of how the company is addressing issues relating to discrimination and workplace harassment, including a third-party assessment of the effectiveness of its current policies. |

| Date | Company | Subject (theme/summary) | Manager's vote and rationale |
|---|---|---|---|
| 10/07/2024 | National Grid Plc | Climate – Approve Climate Transition Plan | BlackRock, LGIM and Schroders voted for. They We commend the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science based targets. We also appreciate the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating. |

## How do fund managers implement their votes?

The managers often make use of proxy voting to inform their decision making. The managers use the following organisations as proxies for their voting activity:

| Manager | Comment on approach |
|---|---|
| **Baillie Gifford** | Whilst Baillie Gifford are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource any of their stewardship activities or follow or rely upon their recommendations when deciding how to vote on their clients' shares. All client voting decisions are made in-house. Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies. They also have specialist proxy advisors in the Chinese and Indian markets to provide them with more nuanced market specific information. |
| **BlackRock** | BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines. |
| **HSBC Global Asset Management** | HSBC use the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of their voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene their guidelines. HSBC review voting policy recommendations according to the scale of their overall holdings. The bulk of holdings are voted in line with the recommendation based on their guidelines. |
| **Legal & General Investment Management** | LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. |
| **Schroders Plc** | Glass Lewis (GL) act as Schroders one service provider for the processing of all proxy votes in all markets. GL delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from GL in line with their own bespoke guidelines, in addition, they receive GL's Benchmark research. This is complemented with analysis by their in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. |

The Trustee met with Legal & General which manages c75% of Plan Assets and received a presentation and asked questions on Legal & General's approach to responsible investment including engagement case studies. The Trustee also met with Schroders which manages c24% of Plan assets in the Schroders Sustainable Global Multi-Factor Equity Fund and received a presentation and asked questions on the Schroders' fund including its incorporation of sustainability (and wider ESG and responsible investment) factors and engagement case studies.

The table below notes the number of engagement activities carried out by the Plan's fund managers in the Plan Year.

| Manager | Number of engagements | Topic engaged on |
|---|---|---|
| Baillie Gifford | 41 | Environmental, Governance, Social and Strategy. |
| BlackRock | 5,189 | Environment, Governance and Social |
| HSBC | 81 | Environment, Governance, Social and Strategy |
| Legal & General | 11,036 | Environmental, Governance, Other and Social |
| Schroders | 550 | Climate, Natural Capital and Biodiversity, Human Capital Management, Human Rights, Diversity and Inclusion, Corporate Governance. |

**The Trustee is satisfied that the fund managers' approaches to stewardship were aligned with the stewardship policy described in the SIP during the Plan Year.**

### Non-financial factors

The Trustee's policy on non-financial factors is set out on pages 94 to 95 of the SIP.

The Trustee recognises that some members will have strong views on where their savings should, or should not, be invested. The Trustee recognises the importance of offering a suitable range of investment options for members who wish to express an ethical preference in their pension saving. However, it is not possible to cater for everyone's views on non-financial/ethical matters.

The Plan offers a fund managed on Shariah principles.

The Trustee monitors the investments held by the Plan's ethical investment options. The Trustee also monitors developments in ethical investing funds which could be appropriate to the Plan's members.

**The Trustee's approach to non-financial factors has not changed.**

**The Trustee is satisfied that it has followed its policy in relation to non-financial factors during the Plan Year.**

### Communication and member engagement

The Trustee's approach to communicating the Plan's investment options and investment governance did not change during the Plan Year.

The Trustee's policy on member engagement (described on page 90 of the SIP) is in outline:

- Effective member engagement will help develop suitable investment options; and
- Member engagement is actively encouraged through a variety of means.

During the Plan Year, the Trustee undertook the following to support member engagement and obtain member feedback:

- Communications were issued to members who were 10 years, 5 years and 12 months from retirement providing information on their fund and considerations for their planned retirement date. Members were invited to join a session with Close Brothers providing further detail on retirement options available;
- The Trustee has practices in place to encourage member feedback including Focus Groups. Members are also able to provide feedback direct to the internal pension team through email and other channels;
- Representatives from the in-house team attend monthly welcome events for all new joiners to the employer which includes the welcome video for the Plan and opportunity for questions and answers;

- Members potentially impacted by Annual Allowance limit received a communication and factsheet to help them with their calculations and considerations.
- Communications to members regarding annual sweep to Fidelity Member Trust (deferred members);
- Communications to members affected by the closure of self-select funds and legacy annuity lifestyle changes to some of the underlying funds making up the Virgin Money Growth and Diversified Funds;
- Benefit statements. One page benefit statements have been developed to be simpler and shorter. Additional information was provided to members when issuing Benefit Statements to help explain market performance (and the consequential impact on member pots). This information was tailored to explain how market performance would have affected different age groupings. Additionally, statements show members how their projected fund value would look should they pay an extra 1% in contributions. Benefit statements issued online and video statements also used;
- Pensions Awareness webinars; and
- The in-house team presented virtual benefits roadshow webinars to share information and encourage engagement.

### Limitations and missing information

**During the Plan Year the Trustee followed the policies and practices described in the SIP.**

### Looking forward

In the next Plan year (year ending 30 September 2025), which will be covered by next year's Implementation Statement, the Trustee intends to undertake the following actions in relation to the SIP:

- Conduct the triennial review of strategy
- Update the SIP to reflect any changes in strategy.

We hope this Statement helps you understand how the Plan's investment of your savings for retirement has been managed during the Plan Year. If you have any questions or feedback, please contact pensionsteam@virginmoney.com

# SECTION 8 – ANNUAL STATEMENT BY THE CHAIR OF THE TRUSTEE FOR THE YEAR TO 30 SEPTEMBER 2024

## Introduction

Governance requirements apply to defined contribution ("DC") pension arrangements, to help members achieve a good outcome from their pension savings. The Virgin Money Retirement Savings Plan Trustee Limited ("the Trustee") of the Virgin Money Retirement Savings Plan is required to produce a yearly statement describing how these governance requirements have been met.

This Statement covers the period from 1 October 2023 to 30 September 2024 ("the Plan Year").

| |
|---|
| **For the record**<br><br>This annual statement regarding governance has been prepared in accordance with:<br><br>Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715) as amended by subsequent Regulations. |

S Balmont [redacted] Date: 03-04-25 | 15:25 BST

**Signed by the Chair of Trustee of the Virgin Money Retirement Savings Plan**

# 1 Investment options

### 1.1 Default arrangements

The Plan's default arrangement, the Drawdown Lifestyle (Default), is designed for members who join the Plan and do not choose an investment option.

The Trustee is responsible for the governance of the default arrangement which includes setting and monitoring its investment strategy.

The Trustee decided that the default arrangement should be a lifestyle strategy, which means that members' contributions are automatically moved between different funds as they approach their selected retirement date.

The main investment objectives for the default arrangement are in outline:

- Manages the main investment risks members' face during their membership of the Plan;
- Maximises investment returns relative to inflation while taking an appropriate level of risk for the majority of members who do not make investment choices;
- Takes into account financially material considerations including environmental, social and governance considerations and climate change over an appropriate timescale; and
- Reflects members' likely benefit choices at retirement.

The Statement of Investment Principles covering the default arrangement is appended to this Statement.

The Trustee believes that the default arrangement is appropriate for the majority of the Plan's members because:

It is a lifestyle strategy which targets members who are expected to use flexible retirement with a high probability of using Flexible Access Income Drawdown for a significant part of their retirement savings during their retirement. This strategy gradually moves investments between different funds to manage the levels of expected investment risks and returns at each stage of membership of the Plan. The strategy is suitable as it is a lifestyle strategy which targets growth in the earlier part of a member's career and latterly switches investments into diversified funds which, whilst still intending to provide investment growth, aims to preserve members' retirement accounts from significant falls as they approach retirement. The asset mix at retirement is designed to be consistent with use of the retirement account, or a significant part of it, for Flexible Access Income Drawdown.

During the growth phase (up to 15 years before a member's selected retirement date) the Drawdown Lifestyle strategy invests in the Virgin Money Growth Fund. Over a 5-year period between 15 and 10 years before their selected retirement date, investments are gradually switched into a diversified growth fund (the Virgin Money Diversified Fund). A diversified growth fund is one made up of a range of asset classes including equities, bonds and other assets designed to provide investment growth but with less volatility (lower risk). During the last 5 years before their selected retirement date, investments are gradually switched to a lower risk diversified fund specifically designed for members targeting drawdown so that at retirement the member is invested in the Virgin Money Pre-Retirement Targeting Drawdown Fund.

The Trustee regularly monitors the investment performance of the default arrangements and formally reviews both the investment performance against the default arrangements' objectives and the suitability of the investment strategy at least every three years. The investment performance of these funds during the last year is shown in section 2 and in Appendix 5.

No full review of the performance and suitability of the default arrangement was due to be undertaken during the year. The last full review was completed on 6 December 2022.

The next full review is intended to take place by 6 December 2025 or immediately following any significant change in investment policy or the Plan's member profile.

The Trustee is satisfied that the default arrangement remains appropriate for the majority of the Plan's members because:

- Its investment performance in the Plan Year has been consistent with its investment objectives;
- Its design continues to meet its principal investment objectives;
- The demographic profile of the membership has not changed materially; and
- Members' needs and likely benefit choices at retirement have not changed materially.

The Trustee undertook a high-level annual review of the default arrangement during the year and did not find any issues requiring immediate attention but agreed to consider the following change as part of the next full review of strategy in 2025.

- Adjust the glidepath in the lifestyle strategy so that the Growth Phase (as described above) will extend to a period of 10 years prior to selected retirement date instead of the current 15 years, meaning members in the lifestyle strategy will retain a greater exposure to equity investments for longer which is expected to be beneficial in terms of potential outcomes.

#### 1.1.1 Asset allocation disclosure

The following table shows the asset allocation for the Plan's default arrangement, Drawdown Lifestyle (Default), for members of different ages, as at Plan year end. The asset allocation disclosure meets the DWP's statutory guidance "Disclose and Explain asset allocation reporting and performance-based fees and the charge cap" as at January 2023.

Table 1: Asset Allocation

| Asset class | Percentage allocation – average 25 y/o | Percentage allocation – average 45 y/o | Percentage allocation – average 55 y/o | Percentage allocation – average 1 day prior to Plan Retirement Date |
|---|---|---|---|---|
| Cash | 0.0% | 0.0% | 1.1% | 5.2% |
| Bonds | 0.0% | 0.0% | 44.9% | 54.5% |
| Listed equities | 100.0% | 100.0% | 40.0% | 23.9% |
| Private equity | 0.0% | 0.0% | 1.9% | 0.0% |
| Infrastructure | 0.0% | 0.0% | 5.0% | 4.2% |
| Property / real estate | 0.0% | 0.0% | 7.0% | 6.0% |
| Private debt / credit | 0.0% | 0.0% | 0.0% | 4.6% |
| Other assets | 0.0% | 0.0% | 0.0% | 1.6% |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

“Please note that the totals may not sum to 100% due to rounding

Note: The asset allocation figures presented have been calculated from the fund allocations detailed in the respective fund factsheets as of 30 September 2024. For members whose asset allocation at the selected age on the default glidepath involves multiple funds, we have determined the overall asset allocation based on the proportion of assets held in each fund.

### 1.2 Other default arrangements

In addition, the following are default arrangements for some Plan members:

**Cash Withdrawal Lifestyle**

A lifestyle strategy which targets members who are expected to take a cash withdrawal at retirement or take a series of smaller lump sums over a period of several years. This strategy targets a “lower risk” strategy at retirement designed for members wishing to take their retirement benefits in cash or wishing to be invested cautiously immediately before retirement.

This lifestyle strategy gradually moves investments between different funds to manage the levels of expected investment risks and returns at each stage of membership of the Plan.

This strategy is suitable as it is a lifestyle strategy which targets growth in the earlier part of a member’s career and latterly switches investments into bonds and cash. In particular, this strategy utilises an absolute return bond fund in the last 5 years prior to target retirement age. This type of defensive bond-based fund is managed to preserve capital and minimise the risk of losses where possible. This type of fund is of particular value in the period prior to retirement when retirement accounts can have grown to substantial amounts and where time is limited to recover from any large market losses prior to retirement.

This strategy maintains the same asset allocation as the Drawdown Lifestyle (Default) up to 5 years from a member’s retirement. During the last 5 years before their selected retirement date, their assets are gradually switched initially to an absolute return bond fund (Virgin Money Defensive Bonds Fund) and in the last 3 years also to a cash fund so that at retirement the member is invested 40% in the absolute return bond fund, 35% in the diversified fund and 25% in the cash fund.

This strategy is designed to reduce volatility closer to retirement and also aligned to members accessing their retirement accounts entirely in cash at retirement or in a series of cash withdrawals over a few years.

Some members were automatically switched into this strategy on 9 November 2020 as part of merging the Yorkshire and Clydesdale Bank Defined Contribution Scheme with the Virgin Money Retirement Savings Scheme and the move to an investment platform with Fidelity. Because some members were switched without their express consent this fund is classified as a “default arrangement”.

**Annuity Lifestyle**

A lifestyle strategy which targets members who are expected to purchase an annuity at retirement in combination with a tax-free lump sum.

This lifestyle strategy gradually moves investments between different funds to manage the levels of expected investment risks and returns at each stage of membership of the Plan.

This strategy is suitable as it is a lifestyle strategy which targets growth in the earlier part of a member's career and latterly switches investments into bonds and cash. In particular, this strategy utilises a "pre-retirement" bond fund in the last 5 years prior to target retirement age. This type of fund is designed to match annuity pricing and therefore protect the expected size of annuity the member is able to purchase at retirement. This type of fund is of particular value in the period prior to retirement when a member may be looking to preserve the annuity purchasing power of their retirement account.

This strategy maintains the same asset allocation as the Drawdown Lifestyle (Default) up to 5 years from a member's retirement. During the last 5 years before their selected retirement date, their assets are gradually switched initially to a pre-retirement bond fund (Virgin Money Pre-Retirement Targeting Annuity Fund) and in the last 3 years are also switched to a cash fund so that at retirement the member is invested 75% in the pre-retirement bond fund and 25% in the cash fund.

Some members were automatically switched into this strategy on 9 November 2020 as part of merging the Yorkshire and Clydesdale Bank Defined Contribution Scheme with the Virgin Money Retirement Savings Scheme and the move to an investment platform with Fidelity. Because some members were switched without their express consent this fund is classified as a "default arrangement".

**Legacy Annuity Strategy**

This was the lifestyle strategy that (prior to October 2015) was the strategy used by members who did not make an active decision on their investment options. It was designed at a time when members would have been expected to purchase an annuity at retirement in combination with a tax-free lump sum.

This lifestyle strategy gradually moves investments between different funds to manage the levels of expected investment risks and returns at each stage of membership of the Plan.

This strategy is suitable as it is a lifestyle strategy which targets growth in the earlier part of a member's career and latterly switches investments into bonds and cash. In particular, this strategy utilises a mix of bond funds in the last 5 years prior to target retirement age. This is designed to protect the expected size of annuity a member is able to purchase at retirement to preserve the annuity purchasing power of their retirement account.

The strategy is invested in a mixture of equity funds up to the 10 years from a member's retirement. During the last 10 years, assets are gradually switched to bond funds and a cash fund in order to achieve a 75:25 split (bonds: cash) at the member's selected retirement date.

The Legacy Annuity Lifestyle was closed during the Plan year and member investments were switched to the Annuity Lifestyle (described above) or other investment options of their choice.

### 1.2.1 Asset allocation disclosure

The following tables shows the asset allocation for the Plan's other default arrangements, Cash Withdrawal Lifestyle and Annuity Lifestyle, for members of different ages, as at Plan year end. The asset allocation disclosure meets the DWP's statutory guidance "Disclose and Explain asset allocation reporting and performance-based fees and the charge cap" as at January 2023.

Table 2: Asset Allocation Cash Withdrawal Lifestyle

| Asset class | Percentage allocation – average 25 y/o | Percentage allocation – average 45 y/o | Percentage allocation – average 55 y/o | Percentage allocation – average 1 day prior to Plan Retirement Date |
|---|---|---|---|---|
| Cash | 0.0% | 0.0% | 1.1% | 25.4% |
| Bonds | 0.0% | 0.0% | 44.9% | 55.7% |
| Listed equities | 100.0% | 100.0% | 40.0% | 14.0% |
| Private equity | 0.0% | 0.0% | 1.9% | 0.7% |
| Infrastructure | 0.0% | 0.0% | 5.0% | 1.8% |
| Property / real estate | 0.0% | 0.0% | 7.0% | 2.5% |
| Private debt / credit | 0.0% | 0.0% | 0.0% | 0.0% |
| Other assets | 0.0% | 0.0% | 0.0% | 0.0% |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

“Please note that the totals may not sum to 100% due to rounding

Table 3: Asset Allocation Annuity Lifestyle

| Asset class | Percentage allocation – average 25 y/o | Percentage allocation – average 45 y/o | Percentage allocation – average 55 y/o | Percentage allocation – average 1 day prior to Plan Retirement Date |
|---|---|---|---|---|
| Cash | 0.0% | 0.0% | 1.1% | 25.0% |
| Bonds | 0.0% | 0.0% | 44.9% | 75.0% |
| Listed equities | 100.0% | 100.0% | 40.0% | 0.0% |
| Private equity | 0.0% | 0.0% | 1.9% | 0.0% |
| Infrastructure | 0.0% | 0.0% | 5.0% | 0.0% |
| Property / real estate | 0.0% | 0.0% | 7.0% | 0.0% |
| Private debt / credit | 0.0% | 0.0% | 0.0% | 0.0% |
| Other assets | 0.0% | 0.0% | 0.0% | 0.0% |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

“Please note that the totals may not sum to 100% due to rounding

Table 4: Asset Allocation Legacy Annuity Lifestyle (now closed)

| Asset class | Percentage allocation – average 25 y/o | Percentage allocation – average 45 y/o | Percentage allocation – average 55 y/o | Percentage allocation – average 1 day prior to Plan Retirement Date |
|---|---|---|---|---|
| Cash | 0.0% | 0.0% | 0.0% | 25.0% |
| Bonds | 0.0% | 0.0% | 0.0% | 75.0% |
| Listed equities | 100.0% | 100.0% | 100.0 | 0.0% |
| Private equity | 0.0% | 0.0% | 0.0% | 0.0% |
| Infrastructure | 0.0% | 0.0% | 0.0% | 0.0% |
| Property / real estate | 0.0% | 0.0% | 0.0% | 0.0% |
| Private debt / credit | 0.0% | 0.0% | 0.0% | 0.0% |
| Other assets | 0.0% | 0.0% | 0.0% | 0.0% |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

“Please note that the totals may not sum to 100% due to rounding

### 1.3 Other investment options

The Trustee recognises that the default arrangement will not be suitable for the needs of every member and so the Plan also offers members a choice of other investment options including alternative lifestyle options; and self-select funds. The main objectives of these investment options are:

- To cater for the likely needs of a wider range of members;
- To cater for members looking to take different benefits at retirement than those targeted by the default arrangement;
- To offer a wider range of asset classes, levels of risk and return and different investment approaches; and
- To support members who want to take a more active part in how their savings are invested.

The Trustee carries out an in-depth review of the performance and suitability of these other investment options at least every 3 years. The last full review was completed on 6 December 2022, when the following changes were agreed:

- Some changes to the composition of a number of Funds used in the Lifestyle and self-select options to increase sustainability of those funds (VM Growth Fund, VM Diversified Fund and VM Defensive Bonds Fund).
- Addition of a new sustainable ESG tilted global equity passive fund for self-select members to increase the options for members looking to invest sustainably.
- Addition of the drawdown specific fund to be used in the revised Drawdown lifestyle as a self-select option for members to potentially use if they are self-select and want a drawdown specific fund.
- Closure of some self-select funds to members to rationalise the fund range.

The Trustee undertakes a review, each quarter, of the performance of the alternative lifestyle arrangements and the funds underlying the default arrangements, and the self-select funds available under the wider fund range. In particular the Trustee assesses the extent to which the long-term performance is consistent with each of its aims, benchmarks, and objectives.

In keeping with the Pensions Regulator's guidance, the Trustee also carries out an annual high-level review of the performance and suitability of these other investment options. There were no issues with these investment options last year and did not find any issues requiring immediate attention but agreed to consider the following change as part of the next full review of strategy.

- Adjust the glidepath in the lifestyle strategy so that the Growth Phase (as described above) will extend to a period of 10 years prior to selected retirement date instead of the current 15 years, meaning members in the lifestyle strategy will retain a greater exposure to equity investments for longer which is expected to be beneficial in terms of potential outcomes.

The Trustee as part of its ongoing governance of the Plan closed the Legacy Annuity Lifestyle during the Plan Year as it was little used.  As a lifestyle targeting annuity, its objective largely overlapped with that of the newer Annuity Lifestyle, which the Trustee believes can offer better retirement outcomes for members seeking to purchase an annuity.  During the Plan year, members in this strategy were moved to the Annuity Lifestyle or other investment options of their choice on 29 May 2024.  The Trustee also made some adjustments to the component funds of the Virgin Money Growth, Diversified and Sustainable Active Equity Funds which are further detailed in section 2.  The Trustee also closed five self-select funds as described in section 2 with members moved members moved to the Drawdown Lifestyle or other investment options of their choice on 29 May 2024.

# 2 Investment performance

The presentation of the investment performance takes into account the statutory guidance (i.e. The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021) issued by the Department for Work and Pensions. The Trustee has followed the statutory guidance in all areas.

## 2.1 Investment conditions

When looking at the following figures it should be borne in mind that major stock markets rose significantly in 2024 continuing the recovery seen in 2023 after the difficult period in 2022 which saw significant falls in equity and bond markets. Bond markets also performed positively in 2024.

## 2.2 Default arrangement

Over the year to 30 September 2024 the funds used in the Plan's default arrangement saw investment returns of between a rise in value of 12.8% or, put another way, a rise of £128 for every £1,000 invested for the Virgin Money Pre-Retirement Targeting Drawdown Fund to a rise in value of 23.6%, or a rise of £236 for every £1,000 invested for the Virgin Money growth Fund.

Table 4: Default Performance

| Fund Name | 1 Year | 3 Years (p.a.) | Since 30 November 2020 (p.a.) |
|---|---|---|---|
| Virgin Money Growth Fund | 23.5% | 5.5% | 8.7% |
| Virgin Money Diversified Fund | 14.4% | 0.8% | 2.6% |
| Virgin Money Pre-Retirement Fund Targeting Drawdown | 12.8% | N/A | N/A |

Source: Fidelity (Performance shown since inception of arrangements with Fidelity)

As the default arrangement uses a lifestyle strategy, the investment return varies depending on your age and how far you are from your selected retirement age.

Table 5: Default Arrangement

| Member Age | 1 year Fund | 3 years (p.a.) Fund | 5 years (p.a.) Fund |
|---|---|---|---|
| 25 | 23.5% | 5.5% | 8.1% |
| 45 | 23.5% | 5.5% | 8.1% |
| 55 | 15.4% | 1.5% | 4.9% |
| 63 | 13.6% | 0.5% | 2.6% |
| 65 | 12.9% | 0.7% | 2.7% |

Source: Fidelity

*Assuming retirement age of 65*
*Performance prior to November 2020 uses the performance of the former Yorkshire and Clydesdale Bank DC Scheme arrangements for illustrative purposes.*

The Trustee is satisfied that funds used by the default arrangements have performed in line with their longer-term objectives. The Trustee recognises that most funds performed negatively in 2022 and reflected the widespread market falls over the period but that 2023 and 2024 have seen an improvement in returns mainly due to stronger performance from equity markets although bonds, and particularly UK government gilts have remained weaker. The Trustee recognises that investment markets can be volatile over the shorter term and, with advice from its investment adviser, has considered the expected returns and suitability of the default arrangements on a forward-looking basis as part of its review of strategy and annual review of strategy.

The Trustee took the following action in respect of these funds:

- It reviewed the component funds of the Virgin Money Growth and Virgin Money Diversified Fund and replaced two of the component funds, namely the Baillie Gifford Sustainable Growth Fund (in the Virgin Money Diversified Fund) and the Baillie Gifford Multi-Asset Growth Fund in the Virgin Money Diversified Fund. These funds were replaced following ongoing monitoring by the Trustee and advice from the investment adviser.

The Trustee also monitors the potential outcomes at retirement for members in the main default arrangement (Drawdown Lifestyle). The Trustee found that the estimated benefits payable at retirement have, on average, improved during the year primarily due to the stronger investment market.

## 2.3 Other default arrangements

The funds used in the other default arrangements (Cash Withdrawal and Annuity Lifestyles) rose in value by 5.3% to 23.5% during the year to 30 September 2024.

Table 6: Other Default Arrangement

| **Fund Name** | 1 Year | 3 Years (p.a.) | Since 30 November 2020 |
|---|---|---|---|
| Virgin Money Growth Fund | 23.5% | 5.5% | 8.7% |
| Virgin Money Diversified Fund | 14.4% | 0.8% | 2.6% |
| Virgin Money Defensive Bonds | 10.6% | 5.5% | 5.2% |
| Virgin Money Pre-Retirement Fund Targeting Annuity | 10.4% | -8.1% | -7.8% |
| Virgin Money Cash | 5.3% | 3.2% | 2.5% |

Source: Fidelity (Performance shown since inception of arrangements with Fidelity)

As the other default arrangements use a lifestyle strategy, the investment return varies depending on your age and how far you are from your selected retirement age.

Table 7 Other Default Arrangements

| Member Age | 1 year Fund | 3 years (p.a.) Fund | 5 years (p.a.) Fund |
|---|---|---|---|
| 25 | 23.6% | 5.5% | 8.1% |
| 45 | 23.6% | 5.5% | 8.1% |
| 55 | 15.4% | 1.5% | 4.9% |
| 63 (Cash Withdrawal Lifestyle) | 13.4% | 1.1% | 2.9% |
| 65 (Cash Withdrawal Lifestyle) | 11.2% | 1.8% | 3.3% |
| 63 (Annuity Lifestyle) | 12.0% | -1.3% | 1.5% |
| 65 (Annuity Lifestyle) | 9.5% | -4.1% | -1.3% |

Source: Fidelity

*Assuming retirement age of 65*
*Performance prior to November 2020 uses the performance of the former Yorkshire and Clydesdale Bank DC Scheme arrangements for illustrative purposes.*

The funds used in the other default arrangement which is now closed and in which no members remained invested at the end of the Plan (Legacy Annuity Lifestyles) rose in value by 5.3% to 30.7% during the year to 30 September 2024 (performance estimated as funds closed earlier in Plan Year).

Table 8: Legacy Annuity Lifestyle Arrangement

| **Fund Name** | 1 Year | 3 Years (p.a.) | Since 30 November 2020 |
|---|---|---|---|
| Virgin Money UK Equity Fund | 11.7% | 6.3% | 9.3% |
| Virgin Money World ex UK Equity | 21.5% | 8.8% | 11.4% |
| Virgin Money World ex UK Equity (Currency Hedged) | 30.7% | 9.2% | 12.2% |
| Virgin Money World Emerging Markets | 14.8% | -0.0% | 0.8% |
| Virgin Money Long Gilts | 9.9% | -15.2% | -14.4% |
| Virgin Money Long Corporate Bonds | 14.5% | -10.5% | -9.1% |
| Virgin Money Index-Linked | 6.5% | -14.3% | -11.5% |
| Virgin Money Index-Cash | 5.3% | 3.2% | 2.5% |

Source: Fidelity (Performance shown since inception of arrangements with Fidelity)

As this other default arrangement use a lifestyle strategy, the investment return varies depending on your age and how far you are from your selected retirement age.

Table 9: Legacy Annuity Lifestyle Arrangement

| Member Age | 1 year Fund | 3 years (p.a.) Fund | 5 years (p.a.) Fund |
|---|---|---|---|
| 25 | 21.7% | 7.6% | 9.8% |
| 45 | 21.7% | 7.6% | 9.8% |
| 55 | 21.7% | 7.6% | 9.8% |
| 63 | 12.9% | -6.5% | -1.3% |
| 65 | 10.2% | -8.8% | -3.6% |

Source: Fidelity

*Assuming retirement age of 65*
*Performance prior to November 2020 uses the performance of the former Yorkshire and Clydesdale Bank DC Scheme arrangements for illustrative purposes. Performance estimated to end of Plan Year as finds closed during Plan Year.*

The Trustee is satisfied that funds used by the other default arrangements have performed in line with their longer-term objectives. The Trustee recognises that most funds performed negatively in 2022 and reflected the widespread market falls over the period but that 2023 and 2024 have seen an improvement in returns mainly due to stronger performance from equity markets although bonds, and particularly UK government gilts have remained weaker. The Trustee recognises that investment markets can be volatile over the shorter term and, with advice from its investment adviser, has considered the expected returns and suitability of the default arrangements on a forward-looking basis as part of its review of strategy and annual review of strategy.

The Trustee took the following action in respect of these funds:

- It reviewed the component funds of the Virgin Money Growth and Virgin Money Diversified Fund and replaced two of the component funds, namely the Baillie Gifford Sustainable Growth Fund (in the Virgin Money Diversified Fund) and the Baillie Gifford Multi-Asset Growth Fund in the Virgin Money Diversified Fund. These funds were replaced following ongoing monitoring by the Trustee and advice from the investment adviser.

- The Trustee closed the Legacy Annuity Lifestyle during the Plan Year and no members remained invested in it at the end of the Plan Year.

## 2.4 Other investment options

### 2.4.1 Self-select lifestyle options

The funds used in the alternative lifestyle options is shown in the previous section.

### 2.4.2 Self-select funds

The funds in the table below are also available to members as self-select options.

The other investment options rose in value by 5.3% to 27.3% during the year to 30 September 2024.

| Fund Name | 1 Year | 3 Years (p.a.) | Since 30 November 2020 |
|---|---|---|---|
| Virgin Money Growth Fund | 23.5% | 5.5% | 8.7% |
| Virgin Money Diversified Fund | 14.4% | 0.8% | 2.6% |
| Virgin Money Pre-Retirement Fund Targeting Drawdown | 12.8% | N/A | N/A |
| Virgin Money Defensive Bonds | 10.6% | 5.5% | 5.2% |
| Virgin Money Pre-Retirement Fund Targeting Annuity | 10.4% | -8.1% | -7.8% |
| Virgin Money Cash | 5.3% | 3.2% | 2.5% |
| Virgin Money Sustainable Active Fund | 17.4% | 2.4 | 6.0% |
| Virgin Money Sustainable Passive Fund | 25.9% | N/A | N/A |
| Virgin Money Islamic Equity Fund | 27.3% | 12.4% | 14.0% |
| Virgin Money Index-Linked Gilt Fund | 6.5% | -14.3% | -11.5% |
| Virgin Money Property Fund | 9.2% | 5.3% | 5.8% |

Source: Fidelity (Performance shown since inception of arrangements with Fidelity)

The Trustee is satisfied that these funds have performed in line with their longer-term objectives. The Trustee recognises that performance of some funds was weaker in 2022 which was largely reflective of negative investment market returns in 2022 and that performance has been stronger on 2023 and 2024. The Trustee recognises that investment markets can be volatile over the shorter term and, with advice from its investment adviser, has considered the expected returns and suitability of investment options on a forward-looking basis.

- The Trustee closed the Virgin Money UK Equity Fund, Virgin Money World ex UK Equity Fund, Virgin Money Emerging Markets Fund, Virgin Money Long Gilts Fund and Virgin Money Long Corporate Bonds to rationalise the self-select range and to remove overlap of fund choices during the Plan Year and no members remained invested in them at the end of the Plan Year.

- It reviewed the component funds of the Virgin Money Growth Fund, Virgin Money Sustainable Active Fund and Virgin Money Diversified Fund and replaced two of the component funds, namely the Baillie Gifford Sustainable Growth Fund (in the Virgin Money Diversified Fund and Virgin Money Sustainable Active Fund) and the Baillie Gifford Multi-Asset Growth Fund in the Virgin Money Diversified Fund. These funds were replaced following ongoing monitoring by the Trustee and advice from the investment adviser.

The performance of the self -select funds which were closed during the Plan Year and in which no members remained invested at the end of the Plan is shown below (performance estimated as funds closed earlier in Plan Year).

| **Fund Name** | 1 Year | 3 Years (p.a.) | Since 30 November 2020 |
|---|---|---|---|
| Virgin Money UK Equity Fund | 11.7% | 6.3% | 9.3% |
| Virgin Money World ex UK Equity | 21.5% | 8.8% | 11.4% |
| Virgin Money World Emerging Markets | 14.8% | -0.0% | 0.8% |
| Virgin Money Long Gilts | 9.9% | -15.2% | -14.4% |
| Virgin Money Long Corporate Bonds | 14.5% | -10.5% | -9.1% |

Source: Fidelity (Performance shown since inception of arrangements with Fidelity)

# 3 Charges and transaction costs

The charges and costs borne by members and/or the Employer for the Plan's services are:

| Service | By members | Shared | By the Employer |
|---|---|---|---|
| Investment management | Y | N | N |
| Investment transactions | Y | N | N |
| Administration | N | N | Y |
| Governance | N | N | Y |
| Communications | N | N | Y |

## 3.1 Charges

The charges quoted in this Statement are the funds' Total Expense Ratios ("TERs"). The TER consists of a fund's Annual Management Charge ("AMC") and Operating Costs and Expenses ("OCE"). OCEs include, for example, the fund's custodian costs, but exclude transaction costs. While the AMC is usually fixed, the OCE, and hence the TER, can vary slightly from day to day.

The charges are deducted by the Provider before the funds' unit prices are calculated.

The Plan is a qualifying scheme for auto-enrolment purposes and the member borne charges for the default arrangement complied with the charge cap during the year covered by this Statement.

As in previous years, the Trustee has agreed that the "charges year" for the purposes of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (SI 2015/879) shall be the same as the Plan year.

## 3.2 Transaction costs

The funds' transaction costs are in addition to the funds' TERs and can arise when:

- The fund manager buys or sells part of a fund's portfolio of assets; or
- The platform provider or fund manager buys or sells units in an underlying fund.

Transaction costs vary from day to day depending on where each fund is invested and stock market conditions at the time. Transaction costs can include: custodian fees on trades, stockbroker commissions and stamp duty (or other withholding taxes).

Transaction costs are deducted before the funds' unit prices are calculated. This means that transaction costs are not readily visible, but these costs will be reflected in a fund's investment performance.

The Financial Conduct Authority ("FCA") requires fund managers and providers to calculate transaction costs using the "slippage method", which compares the value of assets immediately before and after a transaction has taken place. This can give rise to negative transaction costs where favourable stock market movements during a transaction offset the rest of the trading costs (such as stockbroker commission).

## 3.3 Member-borne charges and transaction costs

The charges and transaction costs have been supplied by the Plan's provider.

Information on transaction costs was requested from Fidelity (the Plan platform providers) for all funds for the 12-month period to 30 September 2024. Transaction costs data for funds has been supplied for 12-month periods to 30 June 2024 being the latest available information at the time of request and preparation of this document but is unlikely to be materially different than for the year to 30 September 2024.

It was not possible to obtain transaction costs for 6 funds and the Legacy Annuity Lifestyle which were closed during the Plan Year. More details are given in "Missing Information" in section 8. The provider has been asked to provide any information on transaction costs for the 12 month prior to closure of these funds but has been unable to provide this.

The presentation of the charges and costs, together with the projections of the impact of charges and costs, takes into account the statutory guidance issued by the Department for Work and Pensions.

Full details of the annualised charges and transaction costs, for all funds for the Plan Year, can be found in Appendix 3.

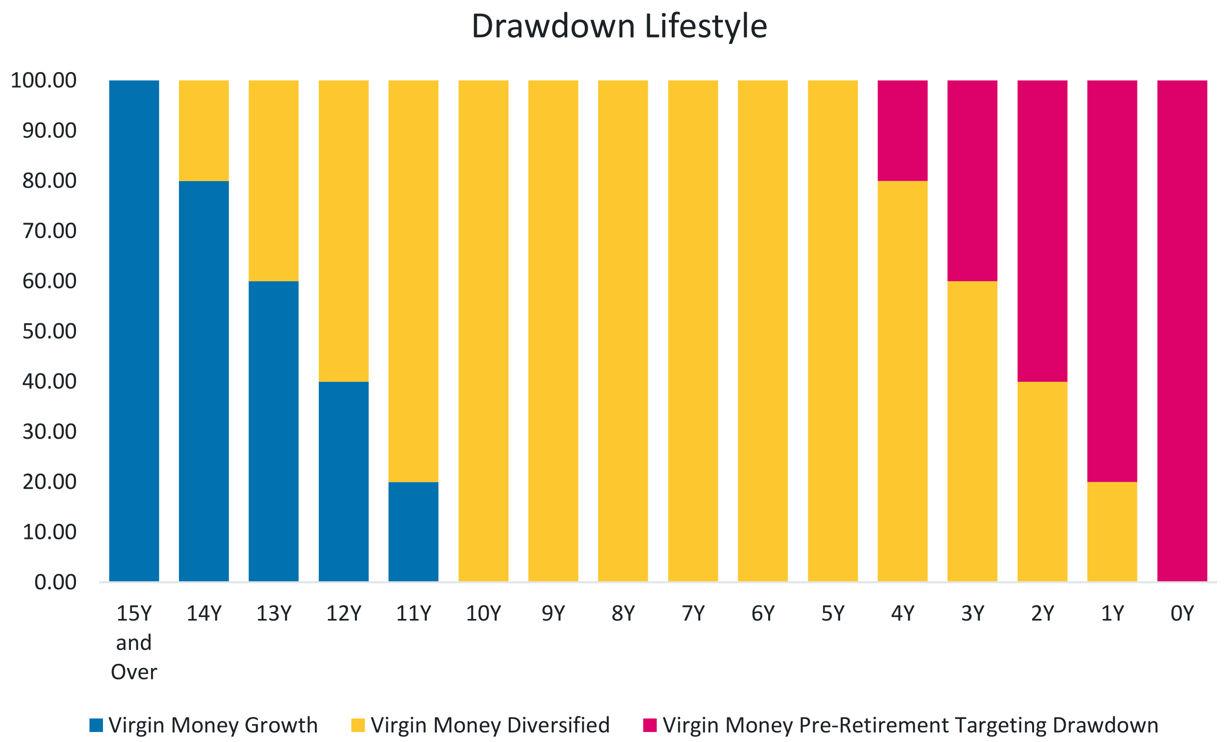
### 3.4 Performance-based fees

There were no performance-based fees which were deducted from the default arrangement during the Plan Year.

### 3.5 Default arrangement

The default arrangement is the Drawdown Lifestyle. The default arrangement has been set up as a "lifestyle strategy", which means that members' assets are automatically moved between different funds as they approach their target retirement date. This means that the level of charges and transaction costs borne by members will vary depending on how close members are to their selected retirement age and in which fund they are invested.

Chart 1: Default Glidepath



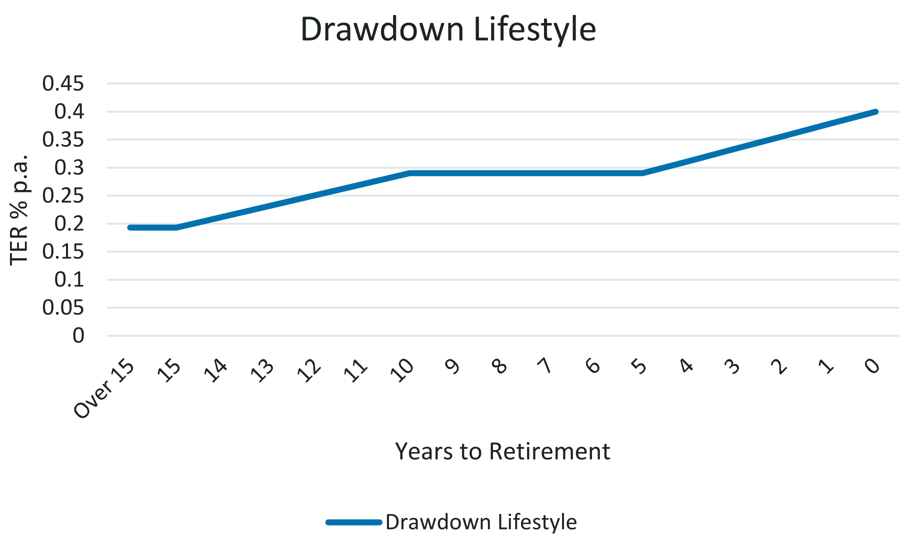

Annualised charges and transaction costs for the Plan Year are set out in the table below.

Default Charges and Costs over Time

| Period to selected retirement date | Charge | | Transaction costs | |
|---|---|---|---|---|
| | % p.a. | £ per £1,000 | % p.a. | £ per £1,000 |
| 15 years or greater | 0.19 | 1.90 | 0.06 | 0.60 |
| 14 years | 0.21 | 2.10 | 0.06 | 0.60 |
| 13 years | 0.23 | 2.30 | 0.05 | 0.50 |
| 12 years | 0.25 | 2.50 | 0.05 | 0.50 |
| 11 years | 0.27 | 2.70 | 0.04 | 0.40 |
| 10 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 9 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 8 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 7 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 6 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 5 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 4 years | 0.31 | 3.10 | 0.12 | 1.20 |
| 3 years | 0.33 | 3.30 | 0.20 | 2.00 |
| 2 years | 0.36 | 3.60 | 0.28 | 2.80 |
| 1 year | 0.38 | 3.80 | 0.36 | 3.60 |
| At retirement | 0.40 | 4.00 | 0.44 | 4.40 |

The average charge over a 40 year period was 0.23% p.a.
The member borne charges were in the range from 0.19% p.a. to 0.40% p.a. Range: £1.90 to £4.00 per £1,000 invested.
The transaction costs were in the range from 0.04% p.a. to 0.44% p.a. Range: £0.40 to £4.40 per £1,000 invested.

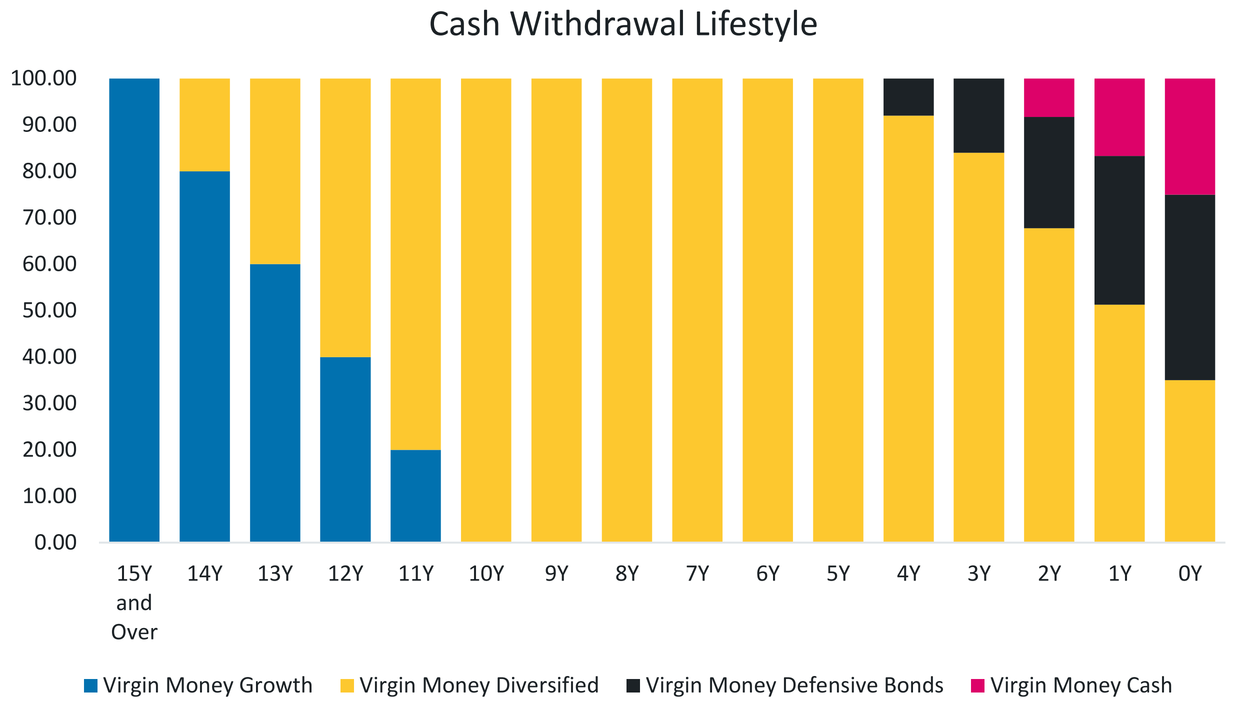
Source: Fidelity




The table in Appendix 2a gives the charges and transaction costs for each fund used by the default arrangement.

## 3.6 Other default arrangements

The following investment options are also considered to be "default arrangements" for some members:

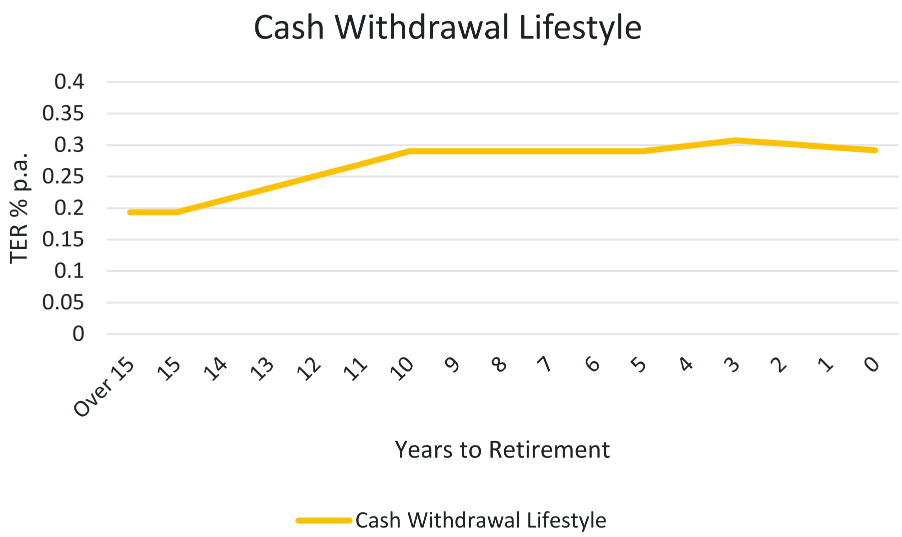



Cash Withdrawal Lifestyle Charges and Costs over Time

| Period to selected retirement date | Charge | | Transaction costs | |
|---|---|---|---|---|
| | % p.a. | £ per £1,000 | % p.a. | £ per £1,000 |
| 15 years or greater | 0.19 | 1.90 | 0.06 | 0.60 |
| 14 years | 0.21 | 2.10 | 0.06 | 0.60 |
| 13 years | 0.23 | 2.30 | 0.05 | 0.50 |
| 12 years | 0.25 | 2.50 | 0.05 | 0.50 |
| 11 years | 0.27 | 2.70 | 0.04 | 0.40 |
| 10 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 9 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 8 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 7 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 6 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 5 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 4 years | 0.30 | 3.00 | 0.05 | 0.50 |
| 3 years | 0.31 | 3.10 | 0.06 | 0.60 |
| 2 years | 0.30 | 3.00 | 0.06 | 0.60 |
| 1 year | 0.30 | 3.00 | 0.07 | 0.70 |
| At retirement | 0.29 | 2.90 | 0.08 | 0.80 |

The average charge over a 40 year period was 0.22% p.a.
The member borne charges were in the range from 0.19% p.a. to 0.31% p.a. Range: £1.90 to £3.10 per £1,000 invested.
The transaction costs were in the range from 0.04% p.a. to 0.08% p.a. Range: £0.40 to £0.80 per £1,000 invested.

Source: Fidelity



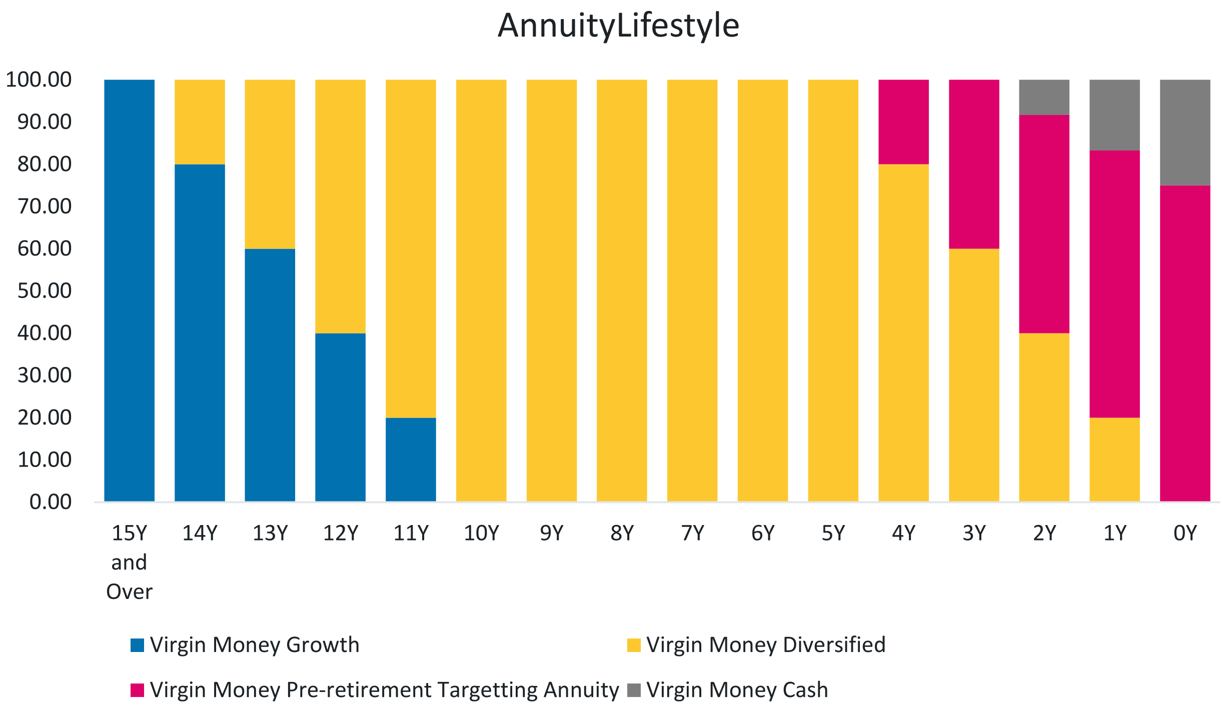
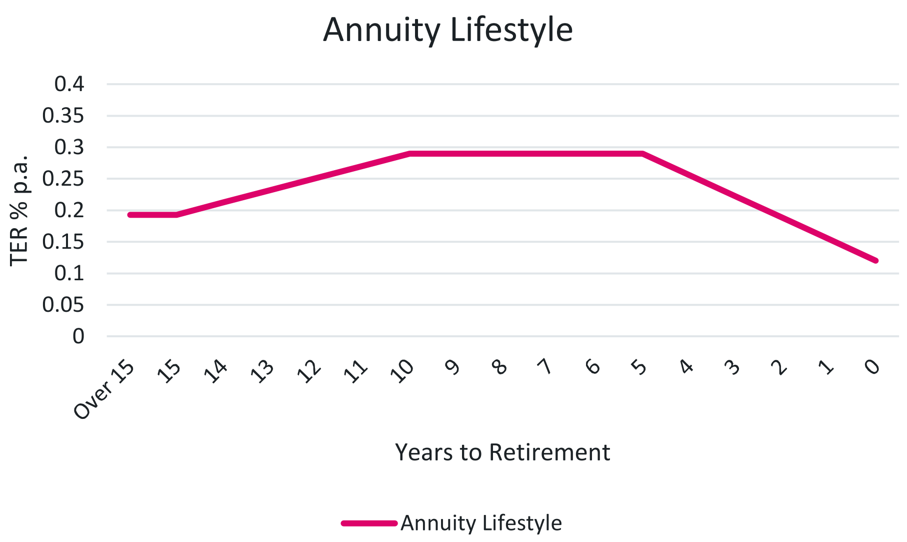




Table 3 Annuity Lifestyle Charges and Costs over Time

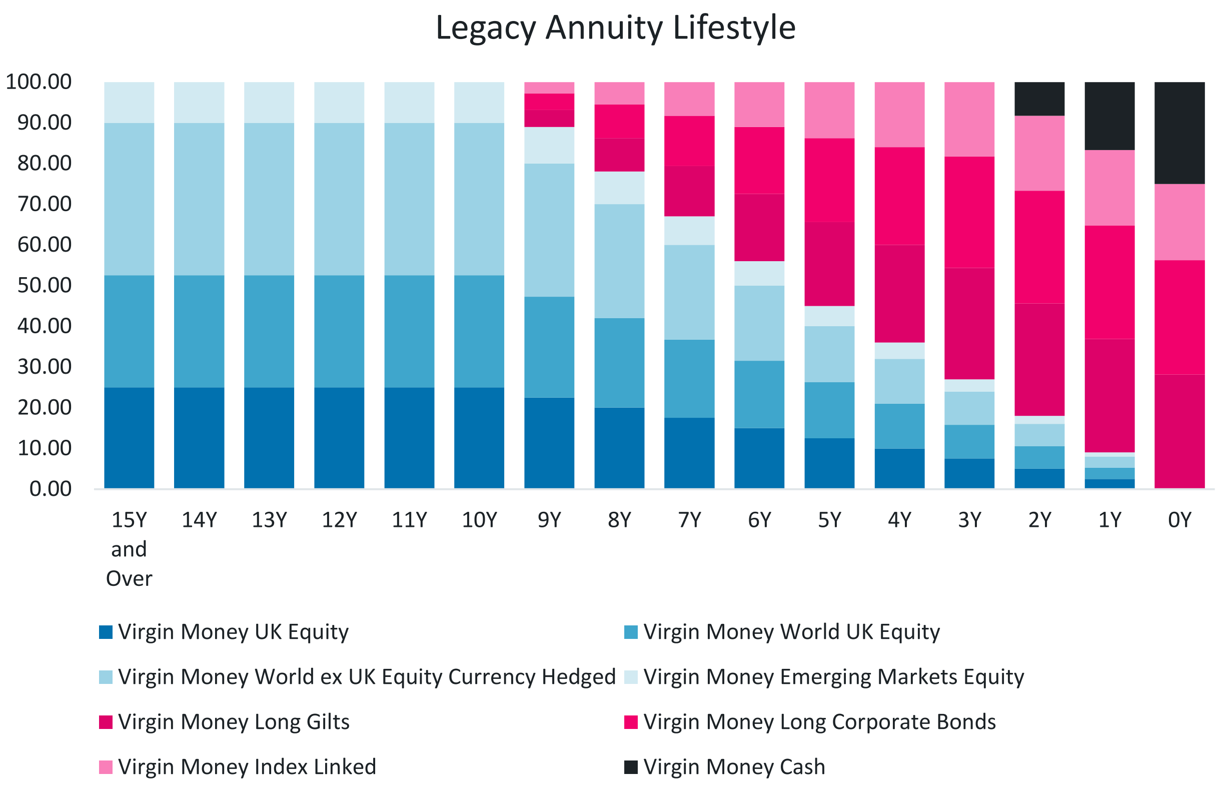
| Period to selected retirement date | Charge | | Transaction costs | |
|---|---|---|---|---|
| | % p.a. | £ per £1,000 | % p.a. | £ per £1,000 |
| 15 years or greater | 0.19 | 1.90 | 0.06 | 0.60 |
| 14 years | 0.21 | 2.10 | 0.06 | 0.60 |
| 13 years | 0.23 | 2.30 | 0.05 | 0.50 |
| 12 years | 0.25 | 2.50 | 0.05 | 0.50 |
| 11 years | 0.27 | 2.70 | 0.04 | 0.40 |
| 10 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 9 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 8 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 7 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 6 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 5 years | 0.29 | 2.90 | 0.04 | 0.40 |
| 4 years | 0.26 | 2.60 | 0.02 | 0.20 |
| 3 years | 0.22 | 2.20 | 0.00 | 0.00 |
| 2 years | 0.19 | 1.90 | -0.01 | -0.10 |
| 1 year | 0.15 | 1.50 | -0.02 | -0.20 |
| At retirement | 0.12 | 1.20 | -0.03 | -0.30 |

The average charge over a 40 year period was 0.21% p.a.
The member borne charges were in the range from 0.12% p.a. to 0.29% p.a. Range: £1.20 to £2.90 per £1,000 invested.
The transaction costs were in the range from -0.03% p.a. to 0.06% p.a. Range: -£0.30 to £0.60 per £1,000 invested.

Source: Fidelity




The table in the Appendix 2b gives the charges and transaction costs for each fund used by the other default arrangements.

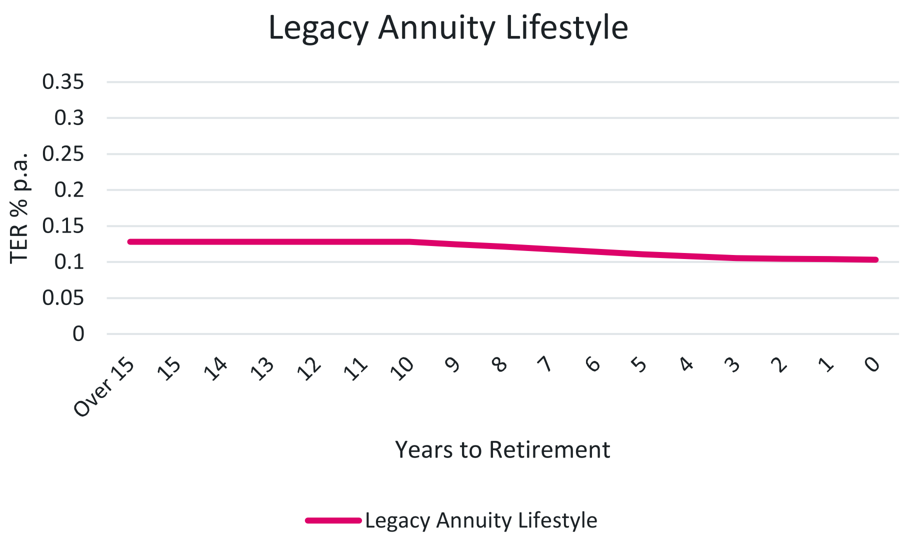



## Legacy Annuity Lifestyle Charges and Costs over Time (now closed)

| Period to selected retirement date | Charge | | Transaction costs | |
|---|---|---|---|---|
| | % p.a. | £ per £1,000 | % p.a. | £ per £1,000 |
| 15 years or greater | 0.13 | 1.28 | n/a | n/a |
| 14 years | 0.13 | 1.28 | n/a | n/a |
| 13 years | 0.13 | 1.28 | n/a | n/a |
| 12 years | 0.13 | 1.28 | n/a | n/a |
| 11 years | 0.13 | 1.28 | n/a | n/a |
| 10 years | 0.13 | 1.28 | n/a | n/a |
| 9 years | 0.12 | 1.25 | n/a | n/a |
| 8 years | 0.12 | 1.21 | n/a | n/a |
| 7 years | 0.12 | 1.18 | n/a | n/a |
| 6 years | 0.11 | 1.14 | n/a | n/a |
| 5 years | 0.11 | 1.11 | n/a | n/a |
| 4 years | 0.11 | 1.08 | n/a | n/a |
| 3 years | 0.11 | 1.05 | n/a | n/a |
| 2 years | 0.10 | 1.05 | n/a | n/a |
| 1 year | 0.10 | 1.04 | n/a | n/a |
| At retirement | 0.10 | 1.03 | n/a | n/a |

The average charge over a 40 year period was 0.12% p.a.
The member borne charges were in the range from 0.10% p.a. to 0.13% p.a. Range: £1.03 to £1.28 per £1,000 invested.

Source: Fidelity




## 3.7 Other investment options

In addition to the default arrangement, members also have the option to invest in the two other lifestyles, targeting cash withdrawal and annuity (described above) and 11 other self-select funds.

### 3.7.1 Self-select lifestyle options

The lifestyle options available for members to self-select are shown above.

### 3.7.2 Self-select funds

During the year the charges for the self-select funds were in a range from 0.09% to 0.67% of the amount invested or, put another way, in a range from £0.90 to £6.70 per £1,000 invested.

The transaction costs borne by members in the self-select funds during the year were in a range from 0.00% to 0.44% of the amount invested or, put another way, in a range from £0.00 to £0.44 per £1,000 invested (ignoring funds with negative transaction costs).

The table in Appendix 2d gives the charges and transaction costs for each self-select fund.

### 3.8 Illustration of charges and transaction costs

Over a period of time, the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. These illustrations show projected fund values in today's money before and after costs and charges for typical members at stages up to retirement.

The tables in Appendix 3 to this Statement show these figures for:

- The default arrangements as well as
- Two funds from the Plan's self-select fund range:
  - The lowest charging fund – the Virgin Money Index-Linked Gilt Fund
  - The highest charging fund – the Virgin Money Property Fund

The "before costs" figures show the projected value of a member's savings assuming an investment return with no deduction of member borne fees or transaction costs. The "after costs" figures show the projected value of a member's savings using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs.

As an example, for a member who joined the default arrangement (Drawdown Lifestyle) at age 24, the level of charges and costs seen in the last year would reduce their projected pot value at retirement in today's money from £254.8k to £235.4k. For a member who joined the default arrangement (Drawdown Lifestyle) at age 42, the level of charges and costs seen in the last year would reduce their projected pot value at retirement in today's money from £370.1k to £349.9k.

Please see the notes to the tables in Appendix 3 for the assumptions used in calculating these illustrations.

The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

# 4 Value for Members

Each year, with the help of their advisers, the Trustee carries out an assessment of whether the charges and transaction costs for the default arrangement and other investment options, which are borne in full or in part by members, represent good Value for Members (VFM). Value is not simply about low cost – the Trustee also consider the quality and scope of provision compared against similar schemes and available external benchmarks.

For the purposes of the Chair's Statement, the Trustee only needs to consider the investment options (as they are the services members pay for) but the Trustee has also assessed other aspects of the Plan (Administration, Communications and Governance) in their Overall Value for Money Assessment.

## 4.1 Approach

The Trustee adopted the following approach to assessing Value for Members for the last year:

- Services – considered the services where members bear or share the costs;
- Outcomes – weighted each service according to its likely impact on outcomes for members at retirement;
- Comparison – compared the cost and quality of each service against similar schemes and available external comparisons;
- Rating – rated each service from poor to excellent.

## 4.2 Results for the year 30 September 2024

The Plan gave GOOD Value for Members in the year ending 30 September 2024 (this is based on the assessment of services for which members pay the cost – which are the Investment options only and excludes other services for which members do not pay the cost).

The Trustee also assesses all the services members use (Investment for which members pay the cost and the other services for which members do not pay the cost, Administration, Communications and Governance). The Plan gave Good to Excellent overall value for money in the year ending 30 September 2024 when considering all these services.

## 4.3 Value for Members

The rationale for the rating of each service was in outline:

| Category | Weighting | VFM rating | Rationale |
|---|---|---|---|
| Investment | 100% | 4 | Charges for the default and alternative lifestyle strategies in which 98% of the members' assets are invested were less than those of comparable schemes.<br>Transaction costs were similar to those of comparable schemes.<br>Transition activity during the Plan Year was carried out efficiently and with costs minimised.<br>The Trustee is satisfied that the investment options are suitable for the Plan's membership as it believes that most members will want to take their retirement benefits by drawdown or by a relatively short period of cash withdrawals following retirement. The Trustee is therefore satisfied that the default and alternative lifestyle options remain broadly appropriate for the majority of members (providing lifestyle options suitable for drawdown, cash withdrawal and annuity purchase) and the self-select options retain an appropriate breadth of choice across asset classes for members and includes sustainable funds.<br>Investment performance for the lifestyle options has been broadly in line with objectives performing similarly to wider pension scheme arrangements. Plan performance has been reflective of investment markets over the Plan Year with strong returns from equity based funds and also from bond and diversified funds.<br>Within the self-select range, the performance of most funds has been in line with expectations within the current market environment has been strong ranging from 5.3% to 27.4%.<br>The Plan's investment options take responsible investment (including climate change) into account and incorporate sustainable funds in the Plan's default investment strategy and self-select fund range.<br>The Trustee has established excellent governance procedures including an Investment Sub Committee to focus on investment matters. |

The Trustee has agreed an action plan for the following year to improve value where necessary and obtain any missing information. This action plan, along with details of the missing information and value assessment limitations, are detailed in other sections of this Chair's Statement. Full details of the approach used to assess value can be found in the Value for Members assessment.

# 5 Administration

The Trustee appointed the in-house Pension Team of Virgin Money UK plc of to administer the Plan on their behalf.

## 5.1 Core financial transactions

The Trustee monitored core financial transactions during the year including:

- The receipt and investment of contributions (including inward transfers of funds);
- Switches between investment options; and
- Payments of benefits (including retirements and outward transfers of funds).

## 5.2 Service levels

The Plan has a service level agreement (SLA) in place with the Pension Team which covers the accuracy and timeliness of all core financial transactions. The Pension Team aims to complete 100% of its core financial transactions within this service level.

The Pension Team has committed to meet the following agreed service levels:

- New joiner and regular contributions files and the allocation of contributions are processed within 10 working days;
- Provision of retirement pack and quotation of benefits within 20 working days;
- Payments of benefits are made within 20 working days;
- Provision of transfer value quotations within 60 working days;
- Payment of transfer values within 60 working days;
- Processing individuals transferring into the Plan within 30 working days; and
- Response to members enquiries within 30 working days.

The Trustee understands that the Pension Team monitors its performance against these service levels by monitoring daily transactions, monitoring daily workflow items, and reviewing the level, causes and resolution of complaints. Bank accounts are reconciled monthly by the Pension Team. The Pension Team also continually maintains its Pensions Quality Mark (PQM) plus accreditation.

Over the year, the Trustee has monitored core financial transactions and administration service levels during the year by:

- Receiving quarterly reports from the Pension Team on the processing of core financial transactions and other administration processes against the agreed service levels;
- Considering the reasons for and resolution of any breaches of service standards;
- Considering member feedback including any complaints and the results of member surveys.

The Plan's accounts are also audited annually by the Plan's Auditors EY. This audit includes testing the processing of core financial transactions.

The Trustee is satisfied that the service standards are reasonable because:

- The Trustee is confident that the processes and controls in place with the Pension Team are robust and ensure that the core financial transactions and processes are dealt with promptly and accurately.

The Trustee believes that the Pension Team offers a very high-quality service to members. There were no administration service issues or core financial transactions issues during the Plan year, and the audit of the Plan did not highlight any areas of concern. The Pension Team aims to ensure that 100% of all the above processes are completed within the agreed service levels. The Trustee notes that, in the current year, the Pension Team achieved a 100% response rate to member queries/requests within 10 working days (against an SLA target of 30 days). Furthermore, on average c91% of these member queries were answered within 1 working day.

- The Trustee conducted a review of the administration in 2019 as part of an overall provider review and as part of the merger of the Yorkshire and Clydesdale Bank Defined Contribution Scheme and Virgin Money Retirement Savings Scheme. A decision was made to move administration to the in-house Virgin Money Pension Team and this was implemented in November 2020).

### 5.3 Data quality

Each year the Trustee asks the Plan's Pension team to undertake an audit of the Plan's common data (which is the key data needed by the Plan to calculate members' benefits such as dates of birth), to ensure that the records for all members are accurate and up to date.

The last data quality audit was undertaken in October 2024. This showed that common data was present for 98% of membership data as at October 2024 – compared to 96% last year so is improved.

### 5.4 Cyber security

The Trustee is conscious of the growing threat of cyber-attacks on pension scheme information.

Each year the Trustee asks the Pension Team to confirm that their cyber security arrangements are effective and up to date. The Trustee expects that the Pension Team will report any security breach immediately and ensure that members are notified as soon as possible. There were no security breaches in the current Plan year.

The Trustee has received training on cyber security and is aware of the roles and responsibilities associated with identifying cyber risk and cyber breaches. The Trustee has a cyber incident response plan which is exercised periodically. Cyber security is on the risk register and is reviewed on a quarterly basis. The Trustee has access to specialist expertise to investigate the nature of any cyber breach including the Employer's (Virgin Money UK plc) information security standards and supplier governance framework.

One of the Plan Trustee Directors is a member of the Bank's cyber security team.

### 5.5 Own Risk Assessment (ORA)

Each year the Trustee carries out an assessment of the effectiveness of the controls which are in place to manage the risks faced by the Plan. The Trustee is currently preparing their first ORA. The Trustee has conducted a Gap Analysis against the General Code and has taken steps to adapt policies to meet all General Code requirements.

### 5.6 Overall

The Trustee receives quarterly reports about the administrator's (pension team's) performance and compliance with the SLA. Using information provided by the administrator, the Trustee is satisfied that over the Plan Year:

- The administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- All core financial transactions were processed promptly and accurately;
- There have been no material administration errors in relation to processing core financial transactions;

- The wider administration of the Plan achieved the agreed service standards;
- The Plan's common data is accurate and up to date;
- The Plan's cyber security arrangements are effective.

## 5.7 Bulk transfer of assets

During the year there were large-scale transfers between funds affecting a number of members as a result of the following changes to the Plan's investment options:

- transfer of deferred members to the Virgin Money Section of the Fidelity Master Trust;
- transfers of funds affecting a number of members in respect of closure of the Legacy Annuity Lifestyle and closure of five self-select funds; and
- changes to the underlying funds of the Virgin Money Growth Fund, Virgin Money Diversified Fund and Virgin Money Sustainable Active Fund.

The Trustee reviewed the way in which the transfers were to be conducted and received reports on the transaction costs incurred during the transfer.

The transition costs and risks were mitigated by:

- ensuring that out of market exposure was mitigated as far as possible
- ensuring that the majority of the transfer was completed by unit switches

The transition costs were £134 on a transfer of £0.514m (i.e. 0.03% of the funds moved) in respect of the transfer of deferred members to the Virgin Money Section of the Fidelity Master Trust.

The transition costs were £13.6k on a transfer of £10.7m (i.e. 0.13% of the funds moved) in respect of the transfer of funds for the closure of the Legacy Annuity Lifestyle and closure of five self-select funds.

The transition costs were £284k on a transfer of £101.3m (i.e. 0.28% of the funds moved) in respect of the transfer of funds for changes to the underlying funds of the Virgin Money Growth Fund, Virgin Money Diversified Fund and Virgin Money Sustainable Active Fund.

The Trustee is satisfied that this bulk transfer was conducted efficiently to mitigate the costs and risks for members as far as practicable.

## 5.8 Security of assets

The situation regarding the security of where pension contributions are invested is complex. It can vary from scheme to scheme and from fund to fund within each scheme. To-date there have only been a few instances where members of Plans such as ours have seen their benefits reduced as a result of a financial failure of a provider or fund manager.

The Trustee has reviewed the structure of the funds used within the default arrangement and other investment options. The Trustee believes that the current structures are appropriate for members when compared to other possible structures.

The changes made by the Trustee to the investment options in the last year did not materially affect the security of assets.

The Trustee has received training on the security of members' assets and will continue to keep this under review. The Trustee takes the security of assets into account when selecting and monitoring the funds used by the Plan.

# 6 Trustee knowledge and understanding

The Plan's Trustee Directors are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. Section 247 and 248 of the Pensions Act 2004 requires that each Trustee Director must:

- Be conversant with the Trust Deed and Rules of the Plan, the Plan's Statement of Investment Principles and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Plan generally,
- Have, to the degree that is appropriate for the purposes of enabling the individual to properly to exercise his or her functions as trustee director, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law.

## 6.1 Current practices

The Trustee's current practices to maintain and develop its level of knowledge and understanding of matters relating to the Plan are:

- There is an induction process for newly appointed Trustee Directors, who are asked to complete the Pensions Regulator's “Trustee Toolkit” within 6 months of becoming a Trustee Director;
- Trustee Directors are encouraged to undertake further study and qualifications which support their work as Trustee Directors;
- The Trustee Directors have a plan in place for ongoing training appropriate to their duties;
- The effectiveness of these practices and the training received are reviewed regularly;
- Training is provided to ensure that Trustee Directors maintain a working knowledge of the Plan's Trust Deed and Rules, the Plan's Statement of Investment Principles as well as the investment concepts and principles relevant to the Plan, contract documents in relation to administration of the Plan and the law and legislation relating to pension schemes and trusts;
- The Trustee Directors regularly review (at quarterly meetings) their Trustee Knowledge and Understanding needs to identify any gaps in their knowledge and skills;
- Trustee Directors receive quarterly “hot topics” from their advisers covering technical and legislative/regulatory changes affecting defined contribution schemes in general;
- Trustee Directors include a member of the Association of Professional Pension Trustees (APPT) and who complies in full with requirements for Continuing Professional Development; and
- Two of the nine Trustee Directors on the board at the Plan year end have completed the PMI Award in Pension Trusteeship.

## 6.2 Trustee training

The Trustee, with the help of its advisers and the Group Pensions Department (GPD), regularly considers training requirements to identify any knowledge gaps and this awareness is used in the setting of the Trustee's training priorities throughout the year. The Trustee's advisers and GPD proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustee's advisers typically deliver training on such matters at Trustee meetings if they are material.

Trustee Directors are asked to complete the Pensions Regulator's Trustee Toolkit (the Trustee Toolkit is a free online learning programme from The Pensions Regulator aimed at trustees of occupational pension schemes and designed to help trustees meet the minimum level of knowledge and understanding required by law). A training log is maintained in line with best practice and the training programme is reviewed annually to ensure it is up to date. The Plan has a structured induction process for new Trustee Directors coordinated by GPD. The Trustee Directors have strong combined knowledge of financial services and risk management through their careers, both at the Bank and in some instances previous employers and from professional experience. The Chairman of the Trustee is an independent Trustee Director (as at 30 September 2024) and the Trustee Board also contains an independent professional Trustee Director.

During the Plan Year, the Trustee Directors received training on the following topics:

| Date | Topic | Aim/benefit | Trainer |
|---|---|---|---|
| 4 October 2023 | Legal & Compliance Updates | Update of compliance and regulatory requirements including to understand requirements and deadlines for General Code, understand deadlines and actions in respect of Pensions Dashboards, update on pension transfers and scams and general DC and ESG and Climate Change updates. This benefits the Trustee in updating and maintaining knowledge in order to fulfil its duties. | Sackers LLP |
| 4 October 2023 | Investment Matters and Outlook | Update on topical investment and DC pension related matters: concentration in the US equity market.<br>Hymans Robertson DC Update: Mansion House Speech, Value for Money, Provider Market update and other DC pension and investment news. This benefits the Trustee in updating and maintaining knowledge of investment related matters in order to fulfil its duties. | Hymans Robertson LLP |
| 4 October 2023 | Virgin Money Retirement Guidance / Policy | Guidance on process that colleagues need to follow when deciding to retire. Benefits the Trustee by raising awareness of this process. | Pensions Team |
| 7 October 2023 | Legal & Compliance Updates | Update of compliance and regulatory requirements focussing on Government's Autumn Statement. This benefits the Trustee in updating and maintaining knowledge in order to fulfil its duties. | Sackers LLP |
| 7 October 2023 | Investment Matters and Outlook | Update on topical investment and DC pension related matters: Private Debt instruments for DC Schemes including types of investment, rationale and implementation.<br>Hymans Robertson DC Update: Updates to Regulator's guidance, changes to automatic enrolment provision; decumulation and Full service provision within DC Schemes and other DC pension and investment news. This benefits the Trustee in updating and maintaining knowledge of investment related matters in order to fulfil its duties. | Hymans Robertson LLP |
| 7 December 2023 | Equality, Diversity and Inclusion for Pension Schemes | Definition of Equality and Inclusion, TPR guidance, considerations for Board Composition, Member Communications. Benefits the Trustee in raising awareness of equality and inclusion matters and enables Trustee to consider these issues further for benefit of members. | Sackers LLP |

| Date | Topic | Aim/benefit | Trainer |
|---|---|---|---|
| 14 March 2024 | Investment Matters and Outlook | Update on topical investment and DC pension related matters: DC Investment Outlook 2024.<br>Hymans Robertson DC Update: Updates on Autumn Statement, Pension Dashboards, Provider Market Update and other DC pension and investment news. This benefits the Trustee in updating and maintaining knowledge of investment related matters in order to fulfil its duties. | Hymans Robertson LLP |
| 14 March 2024 | Legal & Compliance Updates | Update of compliance and regulatory requirements including key changes to General Code including ESOG and ORA, removal of Lifetime Allowance, Mansion House reforms and TPR update. This benefits the Trustee in updating and maintaining knowledge in order to fulfil its duties. | Sackers LLP |
| 14 March 2024 | Pension Tax - getting ready for LTA-day | Understanding detail of tax changes in particular LTA removal and new allowances. Benefits the Trustee in understanding the allowances and impact on members. | Sackers LLP |
| 4 July 2024 | Legal & Compliance Updates | Update of compliance and regulatory requirements including Pensions Dashboard connection timetable, new tax lump sum allowances replacing Lifetime Allowance and regime post LTA, ESG and TPR update. This benefits the Trustee in updating and maintaining knowledge in order to fulfil its duties. | Sackers LLP |
| 4 July 2024 | Investment Matters and Outlook | Update on topical investment and DC pension related matters: Anti greenwashing and Sustainable Disclosure Regulation to improve greater visibility and consumer trust in sustainable investments.<br>Hymans Robertson DC Update: Key reforms from Spring budget, Updated Retirement Living Standards, Update on General Code and other DC pension and investment news. This benefits the Trustee in updating and maintaining knowledge of investment related matters in order to fulfil its duties. | Hymans Robertson LLP |
| 2 September 2024 | Investment Manager Day | Update from existing managers L&G and Schroders.<br>L&G provided update on Future World Global Equity Index Fund, Future World Multi-Asset Fund, Retirement Income Multi-Asset Fund and Future World Annuity Aware Fund. Also some background on Private Market Access Fund and its potential for DC Schemes.<br>Schroder provided update on Sustainable Multi-Factor Equity Fund and also their new private market LTAFs which may interest the Trustee if looking to invest in private markets. Benefits the Trustee in its ongoing monitoring of fund managers and potential ideas for implementation within Plan strategy. | Legal & General, Schroders |
| 2 September 2024 | Investment Manager Day | Introductory training on private markets and illiquid investments including types of assets, considerations for investing, vehicles for investing, outline of manager products available and developing. Benefits the Trustee in terms potential ideas for implementation within Plan strategy for the ultimate benefit of members. | Hymans Robertson LLP |

| Date | Topic | Aim/benefit | Trainer |
|---|---|---|---|
| 2 September 2024 | Investment Manager Day | Presentation from Fulcrum giving details of their private markets LTAF which has recently come to the market - providing understanding to the Trustee of one of the products that are coming to the market in the area of illiquid and private markets investing. Benefits the Trustee in illustrating how an implementation of private markets investments could potentially be made, including costs and practical issues. | Fulcrum |
| 19 September 2024 | Legal & Compliance Updates | Update of compliance and regulatory requirements including Pensions Dashboard and LTA. This benefits the Trustee in updating and maintaining knowledge in order to fulfil its duties. | Sackers LLP |
| 19 September 2024 | Investment Matters and Outlook | Update on topical investment and DC pension related matters: Factoring nature into investment strategies. Hymans Robertson DC Update: Developments following new UK government, anti-greenwashing legislation, Pensions Dashboard, Provider Market Update and other DC pension and investment news. This benefits the Trustee in updating and maintaining knowledge of investment related matters in order to fulfil its duties. | Hymans Robertson LLP |

### 6.3 Governing documentation

All the Trustee Directors have access to copies of, and are familiar with, the current governing documentation for the Plan, including the Trust Deed & Rules (together with any amendments) and Statement of Investment Principles ("SIP"). The Trustee refers to the Trust Deed and Rules as part of deciding to make any changes to the Plan, and, where relevant, deciding individual member cases, and the SIP is formally reviewed at least every three years and as part of making any change to the Plan's investments. A separate document ancillary to, but not forming part of the SIP, the Investment Operations Document, sets out the details of the Plan's investment arrangements and this is also reviewed alongside the SIP at least every three years and as part of making any change to the Plan's investments.

The Trustee receives an update on a quarterly basis from their legal adviser on pensions Law/Regulations and matters such as the Pensions Regulator's General Code of Practice and relate this back to Plan documentation and policies.

### 6.4 Skills, experience and diversity

The Trustee Directors have strong combined knowledge of financial services and risk management through their careers, both at the Bank and in some instances previous employers and from professional experience. The Chairman of the Trustee is an independent Trustee Director and the Trustee Board also contains an independent professional Trustee Director as at 30 September 2024.

The Trustee regularly considers the diversity of the board in relation to core characteristics such as gender, age and ethnicity and to the mix of skills, experience and cognitive diversity. Where vacancies on the board arise, the Trustee, where it is in its gift, seek to recruit new trustees who enhance the diversity of the board and its overall effectiveness.

The Trustee maintains a set of clear objectives and considers member outcomes. These objectives are reviewed and agreed in a Trustee Board meeting and inform the priorities and actions within the annual business plan for the Plan.

Trustee Directors review the performance and effectiveness of the Trustee board as part of a governance working group and any areas identified as weaknesses are addressed via training where appropriate. Trustee Directors undertake this review biannually and it is included on the Trustee's business plan. The last review was completed in Q4 of the Plan Year 2022/23.

Each year the Trustee reviews value for members, which it considers to be of high importance, with assistance and input from the Plan's Investment adviser.

### 6.5 Trustee advisers

The Trustee has appointed suitably qualified and experienced advisers on investment, legal and other matters to provide advice on the operation of the Plan in accordance with its Trust Deed and Rules, legislation and regulatory guidance.

The Trustee reviews the effectiveness of its advisers annually and periodically reviews the appointment of its advisers.

### 6.6 Reviews

The Trustee undertook the following reviews during the Plan Year:

| Date | Review of |
|---|---|
| The Trustee has a standing item at each meeting to consider and discuss the need for training topics as a board and maintains a list of topics that are addressed. | The practices to maintain and develop Trustee knowledge and understanding |
| Training needs discussed each quarter at meetings of Investment Sub-Committee and Trustee Board. Agenda and Training topics for Manager Day discussed and agreed by ISC and Trustee Board at meeting on 4 June 2024 and 4 July 2024. | The effectiveness of the training programme and training for the coming year |
| Informally when a new Trustee position arises the Trustee in conjunction with the Pensions Manager assess where the Trustee has any skills gaps and attempts to fill that gap with the new Trustee appointment. | Assessments to identify any gaps in the Trustee's knowledge and skills |
| Completed periodically. | Assessed the overall effectiveness of the Trustee Board (including equality, diversity and inclusion) |
| 30 November 2023 (and on 13 November 2024 post Plan Year end) | Effectiveness of advisers – review of Investment Adviser's performance and Objectives |

### 6.7 Overall

Taking into account the knowledge and experience of the Trustee Directors with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment advisers, legal advisers), the Trustee Directors believe they are well placed to exercise their functions as Trustee Directors of the Plan properly and effectively.

# 7 Our key actions last year and plans for the next year

During the last year the Trustee undertook the following actions (over and above "business as usual"):

- Implemented the annual transfer out of deferred members to the Fidelity Master Trust;
- Conducted a light touch review of investment strategy;
- Considered the role of illiquid investments within the Plan's investment and agreed policy wording in the Statement of Investment Principles;
- Replaced the Baillie Gifford Sustainable Growth Fund as a component fund of the Virgin Money Growth Fund and Active Sustainable Equity Fund and replaced the Baillie Gifford Multi-Asset Growth Fund as a component fund of the Virgin Money Diversified Fund;
- Reviewed and compared the charges for funds and improved value for members by a reduction in charges; and
- Introduced a process whereby members wishing to retire and access retirement solutions via the Virgin Money Section of the Fidelity Master Trust could transfer to the Master Trust.

In the coming year, which will be covered by the next Statement, the Trustee intends to carry out the following:

- Conduct the triennial review of strategy

The Trustee believes that this work will continue to help improve member outcomes.

# 8 Missing information

The Trustee has been unable to obtain information on:

- The transaction costs for the following investment options which were closed during the Plan year:
  - Virgin Money World ex UK Equity Fund
  - Virgin Money UK Equity Fund
  - Virgin Money Emerging Markets Fund
  - Virgin Money Long Corporate Bond Fund
  - Virgin Money Long Gilts Fund
  - Virgin Money World ex UK Equity (Currency Hedged) Fund
- Transaction costs for the remaining investment options during the period covered by this Statement (i.e. to 30 September 2024) however, transaction costs have been provided for the period from 1 July 2023 to 30 June 2024 being the latest available information at the time of request and preparation of this document.

The following steps are being taken to obtain the missing information for the future:

- The Trustee requested the information from the provider and are continuing to chase for a response.

# Appendix 1 - Statement of Investment Principles

# Contents

## Introduction

The law requires the Trustee to produce a formal "Statement of Investment Principles" for the Plan's default arrangements and its other investment options. This Statement sets out what the Trustee aims to achieve with the investment options and its investment policies which guide how members' money is invested.

This Statement of Investment Principles for the Virgin Money Retirement Savings Plan (the "Plan") must cover several technical points to comply with legislation as well as meet the expectations of the Pensions Regulator and needs of the Plan's Auditors. These points, as far as possible, are shown separately in "for the record" boxes.

The Trustee will publish on-line the Statement of Investment Principles and an Implementation Statement each year describing how the policies and practices described in the Statement of Investment Principles have been implemented during the last year.

## Statement of Investment Principles

The Trustee's Statement of Investment Principles for the default arrangements* and other investment options include:

1 The aims and objectives for the default arrangements** and the other investment options**; and

2 The Trustee's investment beliefs, views on expected risks and returns and policies on responsible investing***.

## Appendix (which does not form part of the Statement)

Summary of the approach to investment governance

**For the record**

* As required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015

** In accordance with Regulation 2A(1) of the Occupational Pension Schemes (Investment) Regulations 2005.

*** In accordance with Regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005 as modified by subsequent Regulations and section 35 of the 1995 Act.

The Trustee has taken proper written advice and consulted the Employer in the preparation of these Statements of investment Principles.

These Statements will be reviewed at least every three years or more frequently as required by the Regulations.

**For and on behalf of the Trustee of the Scheme**

| Name | Signed | Date |
|---|---|---|
| Sir David Chapman | | |

# 1 Aims and objectives for the default arrangements and other investment options

The Plan has a number of “default arrangements” for the purposes of The Occupational Pension Scheme (Charges and Governance) Regulations 2015.

**Default Arrangement for Auto-enrolment – Drawdown Lifestyle (Default) Strategy**

### Reasons for the Default Arrangement

The Trustee has decided that the Plan should have a default investment arrangement because:

- The Plan is a qualifying plan for auto-enrolment purposes and so must have a default arrangement;
- It should be easy to become a member of the Plan and start building retirement benefits without the need to make any investment decisions; and
- A majority of the Plan’s members are expected to have broadly similar investment needs.

### Choosing the default arrangement and other investment options

The Trustee believes that understanding the Plan’s membership is essential to designing and maintaining a default arrangement which meets the needs of the majority of members.

The Trustee has taken into account a number of aspects of the Plan’s membership including:

- The members’ age (members’ term to retirement) and salary profile;
- The likely sizes of pension accounts at retirement;
- The level of income in retirement that members are likely to need;
- Previous sources of retirement income;
- Members’ potential, and likely, benefit choices at and into retirement; and
- The annual sweep of deferred members out of the Plan to the Virgin Money section of the Fidelity Master Trust.

The investment costs are borne by members and so a balance needs to be struck between choice and costs.

### Objectives for the Default Arrangement

The main objective of the Default Arrangement is to provide good member outcomes at retirement.

The Trustee believes that it is in the best interests of the majority of members to offer a default arrangement which:

- Manages the main investment risks members’ face during their membership of the Plan;
- Maximises investment returns relative to inflation while taking an appropriate level of risk for the majority of members who do not make investment choices;
- Takes into account financially material considerations including environmental, social and governance considerations including climate change over an appropriate timescale; and
- Reflects members’ likely benefit choices at retirement.

### The Default Arrangement

The default arrangement is therefore:

A lifestyle strategy which targets members who are expected to use Flexible Access Income Drawdown for a significant part of their retirement savings during their retirement.

The default lifestyle strategy gradually moves investments between different funds to manage the levels of expected investment risks and returns at each stage of membership of the Plan.

The expected levels of investment returns (after the deduction of charges) and risks for the funds used are consistent with the Trustee's objectives for the default arrangement. The expected investment returns and approach to managing investment risks including financially material considerations such as climate change are described in Section 2.

## Further Default Arrangements under The Occupational Pension Scheme (Charges and Governance) Regulations 2015

### Other default arrangements

Certain other arrangements and funds used by the Plan can be classified as default arrangements for the purposes of The Occupational Pension Scheme (Charges and Governance) Regulations 2015. These arrangements are:

#### Cash Withdrawal Lifestyle

This lifestyle strategy targets members who are expected to take a cash withdrawal at retirement or take a series of smaller lump sums over a few years.  This strategy targets a lower "risk" strategy at retirement designed for members wishing to take their retirement benefits in cash or wishing to be invested cautiously immediately before retirement.

This lifestyle strategy gradually moves investments between different funds to manage the levels of expected investment risks and returns at each stage of membership of the Plan.

This strategy is suitable as it is a lifestyle strategy which targets growth in the earlier part of a members' career and latterly switches investments into bonds and cash.  In particular, this strategy utilises an absolute return bond fund in the last 5 years prior to target retirement age.  This type of defensive bond based fund is managed to preserve capital and avoid losses where possible.  This type of fund is of particular value in the period prior to retirement when retirement accounts can have grown to substantial amounts and where time is limited to recover from any large market losses prior to retirement.

This strategy is designed to reduce volatility closer to retirement and is also aligned to members accessing their retirement accounts entirely in cash at retirement or in a series of cash withdrawals over a few years.

Some members were automatically switched into this strategy on 9 November 2020 following a review of the Plan's lifestyle strategies therefore this strategy is considered a "default arrangement".

#### Annuity Lifestyle

This lifestyle strategy targets members who are expected to take some of their benefits as cash and use the rest to buy an annuity at retirement.

This default lifestyle strategy gradually moves investments between different funds to manage the levels of expected investment risks and returns at each stage of membership of the Plan.

This strategy is suitable as it is a lifestyle strategy which targets growth in the earlier part of a members' career and latterly switches investments into bonds and cash as the member approaches their target retirement age.  This is designed to reduce volatility closer to retirement and also aligned to broadly match the movement in annuity prices.

Some members were automatically switched into this strategy on 9 November 2020 following a review of the Plan's lifestyle strategies, therefore this strategy is considered a "default arrangement".

**Legacy Annuity Lifestyle**

A lifestyle strategy which targets members who are expected to take some cash and buy an annuity at retirement. This was a lifestyle strategy which (prior to October 2015) was the strategy used by some members who did not make an active decision on their investment option. It was designed at a time when members would have been expected to purchase an annuity at retirement in combination with a tax free lump sum.

This default lifestyle strategy gradually moves investments between different funds to manage the levels of expected investment risks and returns at each stage of membership of the Plan.

This strategy is suitable as it is a lifestyle strategy which targets growth in the earlier part of a members' career and latterly switches investments into bonds and cash as the member approaches their target retirement age.  This is designed to reduce volatility closer to retirement and is also aligned to broadly match the movement in annuity prices.

Some members were automatically switched into this strategy on 9 November 2020 following a review of the Plan's lifestyle strategies, therefore this strategy is considered a "default arrangement".

This lifestyle strategy was closed on 30 May 2024 and members switched to the Annuity Lifestyle strategy or other funds of their choosing.

**Default Arrangements following fund suspension or closure**

From time to time the platform provider or fund manager may suspend trading in a fund due to market conditions or decide to close a fund for commercial or regulatory reasons. This would be outside the Trustee's control.

Should these circumstances occur, it may be necessary for the Trustee to redirect contributions to an investment option which differs from some members' original choice. The Trustee will ensure that any alternative investment option adopted in this manner is consistent with the charge cap for default arrangements.

For example, in the event that buying or selling units in a fund chosen by members is suspended for any reason, the Trustee may decide that it is in the members' best interests to temporarily redirect contributions to another investment option.  Once such a suspension has been resolved, the Trustee may arrange for the re-investment of contributions into the investment option originally chosen by members or notify members of the resolution and give them the option to redirect contributions back to the fund of their original choice or continue to invest contributions in the fund to which contributions were temporarily diverted or direct contributions to another fund of their choice.  Please note that the above scenario is an example only, the Trustee will consider each case on its own merits and determine which course of action is the most appropriate at that time.

In all such circumstances, the Trustee and/or platform provider will notify members of the issue and steps being taken to resolve it. Where necessary, these will be described in the separate "Investment Operation Document" document.

Full details of the current and other default arrangements including any default arrangements following fund suspension or closure are provided in the separate "Investment Operation Document" for the default arrangement and other investment options.

## Reasons for the investment options outside the default arrangements

In addition to the default arrangements, the Plan offers members a choice of investment options because:

- While the default arrangements are intended to meet the needs of a majority of the Plan's members, they may not meet the needs of a wider cross-section of members;
- Attitudes to investment risks and the need for investment returns will vary from member to member and will also vary for each member over time and, in particular, as they approach retirement;
- Members have differing investment needs and these needs change during their working lives;
- Members may have different beliefs, e.g. ethical or faith-based, which they wish to reflect in their investment choice, or are vital to their participation in the Plan; and
- Some members will want to be more closely involved in choosing where their contributions are invested.

## Choosing the investment options

### Membership analysis

The Trustee believes that understanding the Plan's membership is important to maintaining an appropriate range of investment options and have taken into account a number of aspects including:

- The members' age (members' term to retirement) and salary profile;
- The likely sizes of members' pension accounts at retirement;
- Previous sources of retirement income;
- Members' retirement dates and likely range of benefit choices at retirement;
- The levels of investment risk and return members may be willing to take;
- The degree to which members are likely to take an interest in where their contributions are invested; and
- The number of members who are likely to want ethical or faith-based investment.

### Member behaviour

The Trustee has also considered the results of academic research and market surveys into how members choose where to invest their pension account which in summary shows:

- Too little choice is viewed negatively by members;
- Too much choice can prove confusing and deter members from taking action; and
- Some members will not regularly review their choices.

### Costs of investment options

The investment costs are borne by members and so a balance needs to be struck between choice and costs.

## Objectives for the other investment options

The Plan offers members a choice of investment options as an alternative to the default arrangements.

### Self-select funds

The main objectives of the self-select fund range are to:

- Provide a choice of individual funds for members who want to be more closely involved in choosing where their pension accounts are invested;
- Complement the objectives of the default arrangement for auto-enrolment and the alternative lifestyle options targeting annuity purchase and cash withdrawal;
- Provide a broader choice of levels of investment risk and return;
- Provide a broader choice of investment approaches including responsible investing, and a faith-based fund; and
- Help members more closely tailor how their pension accounts are invested to their personal needs and attitude to risk.

Nevertheless, the self-select fund range cannot be expected to cover all the investment needs of all members.

Full details of the current investment options outside the default arrangements are provided in the separate "Investment Operation Document for the default arrangement and other investment options".

### Risk and return

The expected levels of investment returns (after the deduction of charges) and risks for the funds used in the default arrangements and other investment options are consistent with the Trustee's objectives for all investment options. The expected investment returns and approach to managing investment risks including financially material considerations such as climate change are described in Section 2.

# 2 Investment beliefs, risks and policies

### Introduction

This section sets out the investment beliefs and policies which guide the Trustee's decision making.

**For the record**

These investment beliefs have been prepared in accordance with the Occupational Pension Scheme (Investment) Regulations 2005 as amended by the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) Regulations 2019.

### Risks

#### Principal investment risks

The Trustee believes that the three principal investment risks most members will face are:

| Risk | Description and approach to managing risk |
|---|---|
| **1) Inflation** | Investment returns over members' working lives may not keep pace with inflation and, as a result, do not produce adequate retirement benefits.<br><br>Further from retirement, this risk should be countered by funds investing in equities and other growth orientated assets which are expected to produce returns well in excess of inflation over the longer term. Approaching retirement, the impact of this risk needs to be balanced against the other main risks members face. |
| **2) Benefit conversion** | Investment conditions just prior to retirement may increase the cost of turning members' fund values into retirement benefits.<br><br>For members taking cash at retirement, funds investing in cash deposits and other short-term interest-bearing investments provide a high degree of (but not complete) capital security. Funds investing in a mix of different assets are expected to be broadly suitable for members planning income drawdown during retirement. For members buying an annuity at retirement, the value of funds investing in longer-dated bonds may be expected to broadly follow changes in annuity rates caused by long-term interest rates. |
| **3) Volatility/Market** | Falls in fund values prior to retirement lead to a reduction in retirement benefits.<br><br>Funds investing in bonds or a mix of assets or investment techniques intended to manage short-term risks may be expected to be subject to lower levels of short-term fluctuations in values - although there may be occasions when this does not hold good. |

#### Other investment risks

The Trustee believes that other potential investment risks members may face include:

**Active management risk** – a fund manager's selection of holdings may not lead to investment returns in line with the fund's objectives and investment markets generally.

**Currency risk** – changes in exchange rates will impact the values of investments outside the UK when they are being bought or sold.

**Interest rate risk** – the value of funds which invest in bonds will be affected by changes in interest rates.

**Default risk –** for bond funds (where money is lent in return for the payment of interest), the company or government borrowing money fails to pay the interest due or repay the loan.

**Liquidity risk** – funds which invest in assets which cannot be easily bought or sold (such as property) may at times not be able to accept new investments or disinvestments of existing holdings.

**Counterparty risk** – the financial institutions holding a fund's assets may get into financial difficulties leading to a reduction in a fund's value.

**Market risks** - Shifts in market sentiment (for example, in response to economic news or geopolitical events) or momentum in general market trading can lead to widespread changes and/or volatility in asset values over the short-term.

This can include short-term changes in the normally expected correlations of the behaviour of risks and returns seen between different asset classes, when standard approaches to mitigating risks such as diversification are temporarily ineffective.

**Factor based investing** – equity investments may show several factors (supported by academic research) that may be expected to deliver stronger returns over the longer-term, but which may show increased risks (including timing) in the shorter-term.

**Environmental, Social and Governance (ESG) risks** – the extent to which ESG issues are not reflected in asset prices and/or not considered in investment decision making leading to underperformance relative to expectations.

**Climate risk** - The extent to which climate change causes a material deterioration in asset values as a consequence of factors including, but not limited to: policy change, physical impacts and the expected transition to a low-carbon economy.

**Legislative/Regulatory** - Changes in government policy or taxation may have a long-term positive or negative impact on certain sectors of a country's economy or one country relative to its neighbours over the medium to longer-term. Changes in Regulations can also affect the operational costs, tax efficiency and security of one investment vehicle relative to other vehicles over the shorter-term.

## Managing risks

The Trustee develops and maintains a framework, having taken advice from their investment advisor for assessing the impact of investment risks, including financially material considerations, on long-term investment returns. As part of this, the Trustee monitors the age profile (members' term to retirement) of the Plan's membership to arrive at an appropriate timescale.

### Time horizon

The Trustee monitors the age profile (members' term to retirement) of the Plan's membership to arrive at an appropriate investment horizon for different groups of members when considering all investment and financially material risks:

- The Plan is open to new entrants;
- As a result, investment risks need to be considered over a 30 to 40 year time horizon.

### Principal Investment risks

The lifestyle options manage the three main investment risks as members grow older by automatically switching from funds which are expected to give long-term growth relative to inflation into funds whose values should fluctuate less in the short-term relative to the benefits members are expected to take at retirement.

The self-select fund range provides members with a choice of funds with differing risk and return characteristics which are expected to meet the investment needs of a majority of members.

### Other investment risks

The Trustee manages the other investment risks as part of the process for selecting and ongoing monitoring of the funds used by the Plan. The funds used give a good spread of investments which will help manage risks associated with market conditions, fund manager actions and default. The Trustee believes that the Plan's investment options are appropriate for managing the risks typically faced by members.

### Ability to invest/disinvest promptly

The Trustee recognises that it is important that members' contributions can be invested promptly in selected investment funds, and that these can be sold promptly when members wish to change where they are invested, transfer to another arrangement or if they wish to draw on their pension pot. The Trustee manages this risk by selecting pooled investment funds which can be dealt on a daily basis. The platform provider is responsible for monitoring the ability for members to invest and disinvest promptly and is expected to notify the Trustee if a situation develops whereby there is any restriction on the ability for members to do so. For example, this situation could occur in the event of significant economic uncertainty impacting on the ability for fund managers to value the underlying assets.

## Financially material considerations

The Trustee recognises that:

- The consideration of financially material considerations, including ESG factors and climate risk, over the appropriate time horizon are relevant at different stages of the investment of members' defined contribution benefits; and
- The financial materiality of any factor, including ESG factors and climate risk, may be relevant to different degrees according to the asset class or classes in which a fund invests.

The Trustee will consider financially material considerations, including ESG factors and climate risk in the development and implementation of the Plan's investment arrangements for the purposes of determining the selection, retention and realisation of investments where there is sufficient data or evidence to allow them to systematically do so. The Trustee expects that the investment platform provider will engage with their investment managers to ensure they take such considerations into account within their decision making.

The Trustee has explicitly acknowledged the relevance of ESG factors including climate change in framing their investment beliefs set out below and the broader implementation of these beliefs.

### Implementation

The Plan uses standard pooled funds offered by the investment platform provider. This gives access to a range of funds while keeping down costs to members, but this means that the Trustee cannot adopt an approach to managing financially material considerations specific to the Plan. The Trustee nevertheless seeks to manage financially material considerations to protect long-term returns by:

- Choosing an investment platform provider who has adopted effective processes for the selection and governance of fund managers' policies and practices for financially material considerations including climate change;
- Choosing fund managers who have clearly articulated policies for managing financially material considerations including climate change;
- Considering the extent to which ESG issues including climate risk, where relevant, are integrated into the fund managers' investment processes and whether the Trustee is satisfied that the fund managers follow an approach which takes account of financially material factors;

- For actively managed funds (where the fund manager decides where to invest), expecting the fund managers to take financially material considerations into account when selecting which companies and markets to invest in;
- For passively managed funds, the Trustee recognises that the choice of benchmark dictates the assets held by each fund and that the investment manager has minimal freedom to take account of factors that may be deemed to be financially material. The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark index (which may or may not include ESG factors) and which the Trustee believes will deliver appropriate risk adjusted returns in line with its current investment strategy. The Trustee will review periodically the choice of fund and index benchmarks used;
- For all funds, expecting fund managers to engage with companies in which the fund invests to encourage business strategies which should improve or protect the value of those investments; and
- Preferring fund managers who are signatories to the Financial Reporting Council's Stewardship Code in the UK and the United Nations supported Principles for Responsible Investment.

Fund managers and platform provider are expected to take financially material considerations into account to the extent that they are in the financial interests of members and consistent with the Plan's investment objectives.

### Expected returns on investments

The Trustee believes that it is important to balance investment risks with the likely long-term returns from different types of assets used in funds (taking the funds' charges into account):

| Asset class | Expected long-term investment returns relative to inflation | Expected shorter- term volatility in fund values |
|---|---|---|
| Equities (i.e. company shares) | Strong return relative to inflation | Most volatile in the short-term |
| Property (e.g. offices, shops and warehouses) | Positive, but lower than equities | Lower than equities |
| Corporate Bonds (i.e. loan stocks issued by companies) | Positive, but lower than equities and property | Lower than equities or property |
| Fixed Interest Government Bonds (e.g. UK Gilts) | Positive, but lower than equities, property or corporate bonds | Lower than equities, property or corporate bonds |
| Index-Linked Government Bonds (e.g. UK Index-Linked Gilts | In line with inflation | Lower than equities, property or corporate bonds |
| Cash (and other short-term interest bearing investments) | Return may not keep pace with inflation | Minimal with high degree (but not complete) of capital security |

**Long-dated Bonds** (e.g. UK Gilts and Corporate Bonds with a duration of 15 years or more) – should give fund values which move broadly in line with the financial factors influencing annuity rates.

**Multi-asset funds** – invest in a varying mix of asset classes which should deliver positive returns relative to inflation over the longer-term, with shorter-term volatility lower than equities.

**Responsible Investment** (i.e. funds selecting assets to mitigate ESG and/or climate change risks and also funds selecting assets positively demonstrating strong ESG and or climate change credentials) – the strategy of these funds is expected to give a better risk adjusted return over the long-term than the broader market for the type of assets involved (e.g. equities).

**Market beta** (i.e. funds investing in assets with certain characteristics) – the strategy of these funds is intended to give a better return over the long-term than the broader market for the type of assets involved (e.g. equities).

**Sustainable Investment** (i.e. funds selecting assets to mitigate ESG and/or climate change risks and also funds selecting assets positively demonstrating strong ESG and or climate change credentials) – the strategy of these funds is expected to give a better risk adjusted return over the long-term than the broader market for the type of assets involved (e.g. equities).

### Investment beliefs

The Trustee's investment decisions are made in the context of their investment beliefs that:

- Managing the main investment risks is the most important driver of good long-term member outcomes;
- As the Plan invests for members over the long-term, financially material considerations including the impact of climate change will have a bearing on funds' expected levels of risk and return;
- Investment markets may not always behave in line with long-term expectations during the shorter-term;
- Taking investment risk is usually rewarded in the long term;
- Investment risks can be reduced by spreading investments both within and across asset classes;
- Actively managed funds, where the manager chooses where to invest, may not always deliver the expected investment returns in the shorter-term;
- Passively managed funds, whose returns are intended to track a market index, may produce investment returns more efficiently than actively managed funds in some markets; and
- Charges (levied by fund managers and platform providers and transaction costs (incurred by fund managers) will affect the retirement outcomes for members, especially when investment returns from an asset class are low.

### Investment in Illiquid Assets

The Trustee does not directly invest in illiquid investments within the default arrangement. However, within the default investment arrangement, a small percentage of assets is allocated to illiquid investments via a holding with Legal and General Investment Management, the allocation to which is delegated to the investment manager. This allocation, which is invested in real estate, and private markets credit is concentrated in the pre-retirement phases of the glidepath, generally impacting members within 5 years of their selected retirement age (e.g. members aged 60 or older aiming to retire at 65). The Trustee is confident that the investment manager is well-positioned to determine the appropriateness of holding illiquid investments at any given time.

The Trustee has noted the evolution of Defined Contribution investment strategy and recent encouragement to incorporate illiquid assets.

These developments present the potential for diversification and enhanced risk adjusted returns within the Plan's investment strategy. However, the Trustee recognises that the decision to invest in a dedicated portfolio of illiquid assets requires careful consideration. There are inherent challenges and risks associated with illiquid investments and a thorough evaluation is appropriate before committing to such strategies. The Trustee continues to monitor the market for illiquid investment assets, their performance and associated risk attributes. This cautious stance will align any potential investment with the Trustee's risk tolerance, objectives and fiduciary duties to safeguard the interests of Plan members.

The Trustee sets clear criteria for prospective entry into the illiquid asset market. The decision to invest will be contingent upon the products within this market reaching a level of maturity. This encompasses the establishment of a proven history of success, demonstrating the resilience and reliability of the investment options under consideration.

The Trustee remains committed to giving priority to the interests of Plan members. Trustee decision-making focusses on prudence, diligence and a fiduciary responsibility that any investment into illiquid assets is aligned with the Plan's overarching strategic goals and obligations.

The Trustee is satisfied that the current default arrangement remains appropriate, is suitable for members and offers value for money to members having reviewed potential member outcomes at the last strategy review. The Trustee will continue to review the default arrangement on an ongoing basis and at the next strategy review.

### Responsible Investing

Responsible investing encompasses both sustainable investing (including financially material factors) and effective stewardship of the Plan’s investments. The Trustee believes that responsible investing can:

- Improve long-term investment returns;
- Reduce investment risks; and
- Support positive engagement with members.

### Sustainable Investing

The Trustee’s investment beliefs in relation to sustainable investing are:

- Companies demonstrating positive ESG practices are expected to outperform others over the long term;
- Climate change is a material financial risk, particularly to younger members;
- Sustainable investment can improve long-term investment returns; and
- Reduce investment risks in conjunction with other financially material considerations.

### Stewardship

The Trustee recognises that stewardship encompasses the exercise of voting rights, engagement by and with investment platform and fund managers and the monitoring of compliance with agreed policies.

The Plan offers members the default arrangement for auto-enrolment, a choice of alternative lifestyle options and self-select funds. The Trustee’s stewardship activities will consider all funds used by members.

#### Members’ financial interests

The Trustee expects that the investment platform provider and fund managers will have the members’ financial interests as their first priority when choosing investments.

#### Conflicts of interest

When appointing platform providers and choosing investment managers’ funds on the provider’s platform, the Trustee will seek to establish that the platform provider and each investment manager has an appropriate conflicts of interest policy in place.

When given notice the Trustee will consider the impact of any conflicts of interest arising in the management of the funds used by the Plan.

Responsibility for investment decisions has been delegated to the investment managers which includes consideration of the capital structure of investments and the appropriateness of any investment made. Where managers are investing in new issues, the Trustee expects the investment manager to engage with the issuer about the terms on which capital is issued and the potential impact on the rights of new and existing investors.

The Trustee will consider any conflicts of interest arising in the management of the funds used by the Plan and will ensure that the platform provider and each investment manager has an appropriate conflicts of interest policy in place.

**Voting and engagement**

The Trustee believes that engagement with the companies in which the Plan invests through pooled investment funds, including the proactive use of shareholder voting rights, can improve the longer-term returns on the Plan's investments.

The Plan invests via an investment platform provider, who in turn invest in funds which are pooled with other investors to keep costs down and ensure adequate diversification. As a result, the Trustee has adopted a policy of delegating voting decisions on stocks to the underlying fund managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The investment managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy.

The Trustee will periodically review the voting and engagement policies of the fund managers as well as the approach to governance of the investment platform provider to determine that these policies are appropriate. On an annual basis, the Trustee will request that the investment platform provider and fund managers provide details of any change in their house policy.

Where appropriate, the Trustee will engage with and may seek further information from the investment platform provider and fund managers on how portfolios may be affected by a particular issue.

While the Trustee is not in a position to engage directly, the Trustee believes it is appropriate for the fund managers directly or through the platform provider to engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to improve corporate behaviours, improve performance and mitigate financial risks. The Trustee will request, where appropriate and practicable, that the platform provider or investment managers notify the Trustee of any issue on which it may be beneficial for the Trustee to undertake further engagement. The Trustee seek to review engagement activity undertaken by the fund managers as part of its broader monitoring activity.

The Trustee expect the investment platform provider to adopt similar practices with regards to the inclusion and ongoing oversight of fund managers on their platform. The Trustee also expect the platform provider to be able to evidence their own governance practices on request. The Trustee will consider the platform provider's practices on the oversight of and engagement with the investment managers on its platform when reviewing the appointment of platform provider.

**Monitoring**

The Trustee expects the platform provider to monitor adherence of their investment managers to stated voting and engagement policies, engage with managers where concerns are identified and to report on these issues. The Trustee will receive reports from the investment platform provider on the fund managers' voting activity on a periodic basis. The Trustee reviews the fund managers' voting activity on an annual basis in conjunction with their investment adviser and use this information as a basis for discussion with the investment platform provider and fund managers.

The Trustee aims to meet with all fund managers on a periodic basis. The Trustee will provide the fund managers with an agenda for discussion, including issues relating to individual holdings, voting records and, where appropriate, ESG issues. Managers are challenged both directly by the Trustee and by their investment advisers on the impact of any significant issues including shareholder voting record, conflicts of interests and, where appropriate, ESG issues that may affect the prospects for return from the portfolio.

## Types of funds used

### Structure of the investment arrangements

The Plan invests contributions for members through the provider's investment platform. Contributions buy units in the provider's funds. The provider in turn backs the value of its funds by buying units in funds from a selection of fund managers where investments are pooled with other investors. This enables the Plan to invest in a range of funds giving a good spread of investments in a cost-effective manner.

The Plan's asset, and the Trustee's contract with the provider, is the policy of insurance issued by the provider. As a result, the Trustee does not have any contractual arrangement with the investment managers or title to the underlying funds' assets.

### Delegation of investment decisions

The investment of contributions through the provider's investment platform means that the Trustee has delegated day to day investment decisions including the management of financially material considerations to the provider, who has in turn delegated these investment decisions to the investment managers.

### Selection of funds

The Trustee will invest in funds on the provider's platform which in turn invest in the investment managers' pooled funds. The objectives of the funds and the policies of the investment managers will be evaluated by the Trustee to ensure that they are appropriate for the needs of the Plan.

The Trustee's choice of funds, and hence choice of approaches to aspects such as responsible investment and shareholder engagement, are constrained by the choice of funds available on the provider's platform. While the Trustee will endeavour as far as possible to select a platform provider and funds on that provider's platform which are consistent with the Plan's investment objectives and the Trustee's investment beliefs, this needs to be balanced against the wider benefits of access to the other funds on the platform and the other services from the platform provider as well as taking into consideration the costs of change to the Plan and its members.

The Trustee will seek to engage with the platform provider to obtain funds which meet the Trustee's investment beliefs, and are expected to improve outcomes for members, but this is subject to being commercially viable for the provider and consistent with the charge cap for the default arrangements. The Trustee expects the provider to encourage the investment managers to adopt appropriate practices for responsible investment and shareholder engagement.

The Trustee will periodically review the choice of platform provider, at which time the suitability of the provider's fund range and effectiveness of its governance of the investment managers on its platform will be key criteria.

### Manager incentives

The basis of remuneration of the investment managers by the platform provider may be subject to commercial confidentiality, however, the Trustee will seek transparency of all costs and charges borne by members. Nevertheless, the Trustee expects that it will be in the interests of both the platform provider and the investment managers on the provider's platform to produce growth in asset values in line with the funds' investment objectives. For passively managed funds this should be within an acceptable margin of the index the fund tracks. For actively managed funds the investment return should be commensurate with the level of investment risk implied by the fund's objectives.

When selecting funds, the Trustee will ask their investment advisor to consider the investment managers' remuneration strategies and appropriateness of each fund's investment guidelines to ensure that there is no inducement or scope to take an undue level of risk and that the investment managers will act in line with the interests of the Plan's members.

In accordance with the 2015 Regulations, the Trustee conducts an annual Value for Members assessment and will take action should the provider be found to be giving poor value. In addition, in accordance with guidance from the Pensions Regulator, the Trustee will periodically review the Plan's choice of provider to ensure their charges and services remain competitive. The Trustee believes that these steps are the most effective way of incentivising the providers to deliver Value for Members, of which investment management charges and investment performance are key considerations.

The Trustee also undertakes a review at least every three years in which the appropriateness of the investment options and the suitability of the Plan's investment management arrangements are also considered.

The Trustee monitors the investment managers against a series of metrics over a long-term time horizon (at least over a three-year investment cycle) including:

- Performance of their funds' respective benchmarks or performance targets;
- Relative tracking error where appropriate;
- The exercise of stewardship responsibilities (including engagement with issuers); and
- The management of risks.

The platform provider or investment managers are expected to provide explanations for any significant divergence from a fund's objectives. A material deviation from performance and risk targets or approach to portfolio management is likely to result in the fund being formally reviewed.

### Portfolio turnover

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

For passively managed funds the turnover of holdings is driven by changes in the index a fund seeks to track. Hence it is outside the control of the investment manager. The exception to this is where a fund's total assets under management are relatively small where the investment manager does not fully replicate the index or where a fund invests in less liquid stocks.

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

Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee will ask the investment platform provider or investment managers on the platform to report on at least an annual basis on the underlying assets held within the fund with details of any transactions and turnover costs incurred over the Plan's reporting year. The Trustee will seek to compare portfolio turnover and the resultant costs against peer groups or portfolio turnover and costs for an appropriate index.

Where a fund has significantly under or outperformed its benchmark, the Trustee will seek to ascertain where necessary whether higher or lower than normal turnover has been a contributory factor. The Trustee will challenge the platform provider and/or investment managers if there is a sudden change in portfolio turnover or if the level of turnover seems excessive.

### Portfolio duration

The Trustee recognises the long-term nature of defined contribution pension investments and chooses funds which are expected to deliver sustainable returns over the Plan members' investment horizon. The Trustee will carry out necessary due diligence on the underlying investment decision making process, to ensure the manager makes investment decisions over an appropriate time horizon aligned with the objectives for the related investment option.

The Trustee expects that each fund will be used for at least three years, this being the period over which performance of the fund can be appropriately evaluated and the costs of change amortised, although all funds are subject to ongoing review against various financial and non-financial metrics in addition to their continued appropriateness within the investment strategy.

### Realisation of investments

The Trustee expects that the investment platform provider and the fund managers will normally be able to sell the funds within a reasonable timescale. There may, however, be occasions where the investment platform or fund managers need to impose restrictions on the timing of sales and purchases of funds (most notably for funds investing in property) in some market conditions to protect the interests of all investors in that fund. Nevertheless, the Trustee recognises that most members' pension accounts have a long investment timeframe, during which assets which are less easily traded (such as property or infrastructure) can be managed to deliver good long-term returns while avoiding the impact of liquidity issues at retirement.

From time to time the suspension of trading in a fund or closure of a fund by the platform provider or fund manager and resulting temporary redirection of contributions to another fund may create a temporary or unintended inadvertent default arrangement.

### Balance of investments

The Trustee reviews the nature of the Plan's investment options on a regular basis, with particular reference to suitability and diversification. The Trustee considers written advice from a suitably qualified person when determining the appropriateness of each investment manager and fund for the Plan, particularly in relation to diversification, risk, expected return and liquidity.

Overall, the Trustee's intention is that the Plan's investment options:

- Provide a balance of investments; and
- Are appropriate for managing the risks typically faced by members.

### Security of assets

The funds are provided through a policy of insurance issued to the Trustee by the platform provider. As a result, the value of the funds may be affected in the event of the provider getting into financial difficulties.

The underlying funds used by the provider's platform are accessed through reassurance agreements / unit purchase agreements / segregated investment mandates. In the event of a fund manager getting into financial difficulties, the values in these underlying funds will depend upon the nature of the contract with the platform provider and the fund vehicles used by the fund managers' funds.

### Non-financial factors

The Trustee recognises that some members will have strong personal views or religious convictions that influence where they believe their savings should, or should not, be invested.

The Trustee notes that a large number of members have not made active investment choices and so the Trustee believes that most members are unlikely to have strong views which differ from those of the Trustee and the Plan's investment advisors on where their savings are invested. The Trustee may gather member views on non-financial factors relating to the Plan's investments and review this regularly. If there is a consensus view or demand for specific action, the Trustee will consider this appropriately.

While the Trustee will bear members' views in mind when reviewing the suitability of the Plan's investment options and choice of funds used, the Trustee will not take those non-financial factors into account in the selection, retention and realisation of the default arrangement for auto-enrolment and other lifestyle strategies and will not be bound by the members' views (for instance where it is uneconomic or impracticable to do so).

The Plan offers a responsible investment fund and a faith based fund for members who are likely to hold stronger views in these areas than the majority of members.

Impact investing relates to investments that are intended to have a positive and measurable environmental or social impact, alongside a financial return. The Trustee will monitor the development and availability of funds suitable for DC which aim to have a positive impact globally.

The Trustee notes that non-financial factors can affect various investment risks which are borne by members and may under-perform other funds with broader-based investment approaches.

In all cases fund managers are expected to act in accordance with the financial interests of members and the Plan's investment objectives.

**For the record**

The Trustee obtains and considers proper advice from suitably experienced and qualified persons when choosing investments and preparing the Statement of Investment Principles.

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

The funds used at each stage of the default arrangement for auto-enrolment and the other default arrangement alternative lifestyle options are intended to deliver good member outcomes at retirement from an appropriate balance of investment growth relative to inflation and the then pertinent investment risks.

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

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

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

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

The Trustee considers that these types of investments are suitable for the Plan. The Trustee is satisfied that the funds used by the Plan provide adequate diversification both within and across different asset classes.

# Appendix 2

## Summary of the approach to investment governance

**For the record**

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

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

### Exercising the Trustee's Powers

The Trustee has responsibility for setting the Plan's investment strategy and exercises its powers under the Plan's governing documentation and legislation in the interests of Plan members.

The Trustee has delegated day-to-day work on the Plan's administration and investments. The current service providers to the Plan together with how they are paid is set out in the Investment Operation Document.

### Conflicts of interest

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

### Monitoring

The Trustee regularly monitors and reviews:

**Investment Performance** - The performance of the funds in which the Plan invests against both the funds' stated performance objectives and the investment objectives of the Plan.

This will also include monitoring the levels of portfolio turnover in the event that significant under or out-performance occurs.

**Value for Members** - The member borne charges for the default option against the charge cap for auto-enrolment purposes and the funds' charges and transaction costs to ensure that they represent value for members.

**Suitability** - The suitability of the default arrangement for auto-enrolment, other default arrangements and investment options outside the default arrangements are examined at least every three years and without delay after any significant change in investment policy or the demographic profile of the Plan's membership.

**The Statements of Investment Principles** - at least every three years and without delay after any significant change in investment policy or the demographic profile of the Plan's membership. The Trustee will consult the Employer on any changes.

**Compliance with Statement of Investment Principles**

The Trustee will monitor compliance with the Statement of Investment Principles annually and publish a report to members.

**Investment process** - The processes for investing contributions and taking money from the investment options to pay benefits to ensure that they are carried out promptly and accurately.

**Security of assets** - The security of funds' assets when choosing a fund provider/manager and thereafter.

**Voting** – The fund managers' records of exercising shareholder voting rights and engaging with equity and bond issuers on matters which may materially affect the value of investments.

**Conflicts of Interest** – Instances where the actions of the platform provider or fund managers may be in conflict with the best interests of the Plan's members.

## Reporting

The Trustee arranges for the preparation of:

- The Plan's audited Annual Report and Accounts (which includes the Annual Governance Statement);
- The Annual Governance Statement by the Chair of Trustee describing the Plan's investment costs, value for members and governance during the previous year;
- An annual Implementation Statement describing how the policies and practices described in the Statement of Investment Principles have been followed during the previous year;
- Publication of an extract from the Annual Governance Statement by the Chair of Trustee, Statement of Investment Principles and Implementation Statement in a publicly searchable location on-line; and
- An annual return to the Pensions Regulator.

# Appendix 3 - Table of funds and charges

## 2a Default arrangement

The funds' charges (as "Total Expense Ratios") and transaction costs in the last year used in the default arrangement were:

Drawdown Lifestyle

| Fund name | ISIN | Charges | | Underlying Fund | Transaction Costs | |
|---|---|---|---|---|---|---|
| | | % p.a. of the amount invested | £ p.a. per £1,000 invested | | % p.a. of the amount invested | £ p.a. per £1,000 invested |
| Virgin Money Growth Fund | GB00BMDFF664 | 0.19 | 1.90 | 50.00% L&G Future World Global Equity Index (GBP hedged) Fund (GB00BHFMRD16)<br>33.35% Schroder Life Sustainable Multi Factor Equity Fund (GB00BF785179)<br>16.65% L&G Future World Global Equity Index Unhedged Fund (GB00BHFMRC09) | 0.06 | 0.60 |
| Virgin Money Diversified Fund | GB00BMDFF557 | 0.29 | 2.90 | 100.00% L&G Future World Multi Asset Fund (GB00BHFPPG95) | 0.04 | 0.40 |
| Virgin Money Pre-Retirement Targeting Drawdown | GB00BMFWWF34 | 0.40 | 4.00 | 100.00% L&G Retirement Income Multi-Asset Fund (GB00B8ZTNG45) | 0.44 | 4.40 |

Source: Fidelity

Prior to 30 May 2024 charges on the Virgin Money Growth and Virgin Money Diversified Funds were 0.27% p.a. and 0.36% p.a.

## 2b Other default arrangements

The funds' charges (as "Total Expense Ratios") and transaction costs in the last year used in the other default arrangements were:

Cash Withdrawal Lifestyle

| Fund name | | Charges | | Underlying Fund | Transaction Costs | |
|---|---|---|---|---|---|---|
| | ISIN | % p.a. of the amount invested | £ p.a. per £1,000 invested | | % p.a. of the amount invested | £ p.a. per £1,000 invested |
| Virgin Money Growth Fund | GB00BMDFF664 | 0.19 | 1.90 | 50.00% L&G Future World Global Equity Index (GBP hedged) Fund (GB00BHFMRD16)<br>33.35% Schroder Life Sustainable Multi Factor Equity Fund (GB00BF785179)<br>16.65% L&G Future World Global Equity Index Unhedged Fund (GB00BHFMRC09) | 0.06 | 0.60 |
| Virgin Money Diversified Fund | GB00BMDFF557 | 0.29 | 2.90 | 100.00% L&G Future World Multi Asset Fund (GB00BHFPPG95) | 0.04 | 0.40 |
| Virgin Money Defensive Bonds Fund | GB00BMDFG522 | 0.40 | 4.00 | 100.00% M&G Sustainable Total Return Credit Investment Fund (LU2360509983) | 0.14 | 1.40 |
| Virgin Money Cash Fund | GB00BMDFF888 | 0.12 | 1.20 | 100.00% L&G Cash Fund (GB00B6V6T565) | 0.02 | 0.20 |

Source: Fidelity

Prior to 30 May 2024 charges on the Virgin Money Growth and Virgin Money Diversified Funds were 0.27% p.a. and 0.36% p.a.

Annuity Lifestyle

| Fund name | ISIN | Charges | | Underlying Fund | Transaction Costs | |
|---|---|---|---|---|---|---|
| | | % p.a. of the amount invested | £ p.a. per £1,000 invested | | % p.a. of the amount invested | £ p.a. per £1,000 invested |
| Virgin Money Growth Fund | GB00BMDFF664 | 0.19 | 1.90 | 50.00% L&G Future World Global Equity Index (GBP hedged) Fund (GB00BHFMRD16)<br>33.35% Schroder Life Sustainable Multi Factor Equity Fund (GB00BF785179)<br>16.65% L&G Future World Global Equity Index Unhedged Fund (GB00BHFMRC09) | 0.06 | 0.60 |
| Virgin Money Diversified Fund | GB00BMDFF557 | 0.29 | 2.90 | 100.00% L&G Future World Multi Asset Fund (GB00BHFPPG95) | 0.04 | 0.40 |
| Virgin Money Pre-Retirement Targeting Annuity | GB00BMDFG308 | 0.12 | 1.20 | 100.00% L&G Future World Annuity Aware Fund (GB00B6V70Q77) | -0.05 | -0.50 |
| Virgin Money Cash Fund | GB00BMDFF888 | 0.12 | 1.20 | 100.00% L&G Cash Fund (GB00B6V6T565) | 0.02 | 0.20 |

Source: Fidelity

Prior to 30 May 2024 charges on the Virgin Money Growth and Virgin Money Diversified Funds were 0.27% p.a. and 0.36% p.a.

Legacy Annuity Lifestyle (closed 30 May 2024)

| Fund name | ISIN | Charges | | Underlying Fund | Transaction Costs | |
|---|---|---|---|---|---|---|
| | | % p.a. of the amount invested | £ p.a. per £1,000 invested | | % p.a. of the amount invested | £ p.a. per £1,000 invested |
| Virgin Money UK Equity | GB00BMDFFW29 | 0.09 | 0.90 | 100.00% BlackRock ACS UK Equity Fund (GB00BYX7SS90) | n/a | n/a |
| Virgin Money World ex UK Equity | GB00BMDFFX36 | 0.11 | 1.10 | 100.00% BlackRock ACS World ex UK Fund (GB00BYV1TY67) | n/a | n/a |
| Virgin Money World ex UK Equity Currency Hedged | GB00BMDFGD05 | 0.14 | 1.40 | 100.0% L&G World (ex UK) Developed Equity Index - GBP Currency Hedged Fund (ISIN GB00BHFQ5N96) | n/a | n/a |
| Virgin Money Emerging Markets | GB00BMDFFY43 | 0.23 | 2.30 | 100.00% BlackRock Emerging Markets Fund (GB00B658GJ14) | n/a | n/a |
| Virgin Money Long Gilts | GB00BMDFG076 | 0.09 | 0.90 | 100.00% (BlackRock) iShares Over 15 Years Gilts Index Fund (GB00B5B12Z56) | n/a | n/a |
| Virgin Money Long Corporate Bonds | GB00BMDFG290 | 0.11 | 1.10 | 100.00% BlackRock Aquila Connect Corporate Bond Index Over 15 Years Fund (GB00B00CMP49) | n/a | n/a |
| Virgin Money Index Linked | GB00BMDFG415 | 0.09 | 0.90 | 100.00% (BlackRock) iShares Index Linked Gilt Tracker Fund (GB00B83RX604) | -0.02 | -0.20 |
| Virgin Money Cash Fund | GB00BMDFF888 | 0.12 | 1.20 | 100.00% L&G Cash Fund (GB00B6V6T565) | 0.02 | 0.20 |

Source: Fidelity

### Other investment options

### 2c Self-select lifestyle options

The funds' charges (as "Total Expense Ratios") and transaction costs in the last year used in the Cash Withdrawal and Annuity self-select lifestyle options were:

Cash Withdrawal Lifestyle

| Fund name | ISIN | Charges | | Underlying Fund | Transaction Costs | |
|---|---|---|---|---|---|---|
| | | % p.a. of the amount invested | £ p.a. per £1,000 invested | | % p.a. of the amount invested | £ p.a. per £1,000 invested |
| Virgin Money Growth Fund | GB00BMDFF664 | 0.19 | 1.90 | 50.00% L&G Future World Global Equity Index (GBP hedged) Fund (GB00BHFMRD16)<br>33.35% Schroder Life Sustainable Multi Factor Equity Fund (GB00BF785179)<br>16.65% L&G Future World Global Equity Index Unhedged Fund (GB00BHFMRC09) | 0.06 | 0.60 |
| Virgin Money Diversified Fund | GB00BMDFF557 | 0.29 | 2.90 | 100.00% L&G Future World Multi Asset Fund (GB00BHFPPG95) | 0.04 | 0.40 |
| Virgin Money Defensive Bonds Fund | GB00BMDFG522 | 0.40 | 4.00 | 100.00% M&G Sustainable Total Return Credit Investment Fund (LU2360509983) | 0.14 | 1.40 |
| Virgin Money Cash Fund | GB00BMDFF888 | 0.12 | 1.20 | 100.00% L&G Cash Fund (GB00B6V6T565) | 0.02 | 0.20 |

Source: Fidelity

Prior to 30 May 2024 charges on the Virgin Money Growth and Virgin Money Diversified Funds were 0.27% p.a. and 0.36% p.a.

Annuity Lifestyle

| Fund name | ISIN | Charges | | Underlying Fund | Transaction Costs | |
|---|---|---|---|---|---|---|
| | | % p.a. of the amount invested | £ p.a. per £1,000 invested | | % p.a. of the amount invested | £ p.a. per £1,000 invested |
| Virgin Money Growth Fund | GB00BMDFF664 | 0.19 | 1.90 | 50.00% L&G Future World Global Equity Index (GBP hedged) Fund (GB00BHFMRD16)<br>33.35% Schroder Life Sustainable Multi Factor Equity Fund (GB00BF785179)<br>16.65% L&G Future World Global Equity Index Unhedged Fund (GB00BHFMRC09) | 0.06 | 0.60 |
| Virgin Money Diversified Fund | GB00BMDFF557 | 0.29 | 2.90 | 100.00% L&G Future World Multi Asset Fund (GB00BHFPPG95) | 0.04 | 0.40 |
| Virgin Money Pre-Retirement Targeting Annuity | GB00BMDFG308 | 0.12 | 1.20 | 100.00% L&G Future World Annuity Aware Fund (GB00B6V70Q77) | -0.05 | -0.50 |
| Virgin Money Cash Fund | GB00BMDFF888 | 0.12 | 1.20 | 100.00% L&G Cash Fund (GB00B6V6T565) | 0.02 | 0.20 |

Source: Fidelity

Prior to 30 May 2024 charges on the Virgin Money Growth and Virgin Money Diversified Funds were 0.27% p.a. and 0.36% p.a.

## 2d Self-select funds

The funds' charges (as "Total Expense Ratios") and transaction costs in the last year for the self-select funds were:

| Fund name | ISIN | Charges | | Underlying Fund | Transaction Costs | |
|---|---|---|---|---|---|---|
| | | % p.a. of the amount invested | £ p.a. per £1,000 invested | | % p.a. of the amount invested | £ p.a. per £1,000 invested |
| Virgin Money Growth Fund | GB00BMDFF664 | 0.19 | 1.90 | 50.00% L&G Future World Global Equity Index (GBP hedged) Fund (GB00BHFMRD16)<br>33.35% Schroder Life Sustainable Multi Factor Equity Fund (GB00BF785179)<br>16.65% L&G Future World Global Equity Index Unhedged Fund (GB00BHFMRC09) | 0.06 | 0.60 |
| Virgin Money Diversified Fund | GB00BMDFF557 | 0.29 | 2.90 | 100.00% L&G Future World Multi Asset Fund (GB00BHFPPG95) | 0.04 | 0.40 |
| Virgin Money Pre-Retirement Targeting Drawdown | GB00BMFWWF34 | 0.40 | 4.00 | 100.00% L&G Retirement Income Multi-Asset Fund (GB00B8ZTNG45) | 0.44 | 4.40 |
| Virgin Money Defensive Bonds Fund | GB00BMDFG522 | 0.40 | 4.00 | 100.00% M&G Sustainable Total Return Credit Investment Fund (LU2360509983) | 0.14 | 1.40 |
| Virgin Money Pre-Retirement Targeting Annuity | GB00BMDFG308 | 0.12 | 1.20 | 100.00% L&G Future World Annuity Aware Fund (GB00B6V70Q77) | -0.05 | -0.50 |
| Virgin Money Cash Fund | GB00BMDFF888 | 0.12 | 1.20 | 100.00% L&G Cash Fund (GB00B6V6T565) | 0.02 | 0.20 |
| Virgin Money Sustainable Passive Equity Fund | GB00BMFWQC84 | 0.16 | 1.60 | 50.00% L&G Future World Global Equity Index Fund (GB00BHFMRC09)<br>50.00% L&G Future World Global Equity Index GBP Hedged Fund (GB00BHFMRD16) | 0.00 | 0.00 |
| Virgin Money Sustainable Active Equity Fund | GB00BMDFG183 | 0.22 | 2.20 | 100.00% Schroder Life Sustainable Multi Factor Equity Fund (GB00BF785179) | 0.14 | 1.40 |
| Virgin Money Islamic Equity Fund | GB00BMDFFZ59 | 0.30 | 3.00 | 100.00% HSBC Islamic Global Equity Index Fund (LU1092475968) | 0.00 | 0.00 |
| Virgin Money Index-linked Fund | GB00BMDFG415 | 0.09 | 0.90 | 100.00% (BlackRock) iShares Index Linked Gilt Tracker Fund (GB00B83RX604) | -0.02 | -0.20 |
| Virgin Money Property Fund | GB00BMDFF771 | 0.67 | 6.70 | 100.00% L&G Managed Property Fund (GB00B8ZC7P04) | -0.56 | -5.60 |

Source: Fidelity

Prior to 30 May 2024 charges on the Virgin Money Growth and Virgin Money Diversified Funds were 0.27% p.a. and 0.36% p.a. and charges on the Virgin Money Sustainable Active Equity Fund were 0.34% p.a.

The funds' charges (as "Total Expense Ratios") and transaction costs in the last year for the self-select funds that were closed during the Plan Year were:

| Fund name | ISIN | Charges | | Underlying Fund | Transaction Costs | |
|---|---|---|---|---|---|---|
| | | % p.a. of the amount invested | £ p.a. per £1,000 invested | | % p.a. of the amount invested | £ p.a. per £1,000 invested |
| Virgin Money UK Equity | GB00BMDFFW29 | 0.09 | 0.90 | 100.00% BlackRock ACS UK Equity Fund (GB00BYX7SS90) | n/a | n/a |
| Virgin Money World ex UK Equity | GB00BMDFFX36 | 0.11 | 1.10 | 100.00% BlackRock ACS World ex UK Fund (GB00BYV1TY67) | n/a | n/a |
| Virgin Money World ex UK Equity Currency Hedged | GB00BMDFGD05 | 0.14 | 1.40 | 100.0% L&G World (ex UK) Developed Equity Index - GBP Currency Hedged Fund (ISIN GB00BHFQ5N96) | n/a | n/a |
| Virgin Money Emerging Markets | GB00BMDFFY43 | 0.23 | 2.30 | 100.00% BlackRock Emerging Markets Fund (GB00B658GJ14) | n/a | n/a |
| Virgin Money Long Gilts | GB00BMDFG076 | 0.09 | 0.90 | 100.00% (BlackRock) iShares Over 15 Years Gilts Index Fund (GB00B5B12Z56) | n/a | n/a |

| | | | | | | |
|---|---|---|---|---|---|---|
| Virgin Money Long Corporate Bonds | GB00BMDFG290 | 0.11 | 1.10 | 100.00% BlackRock Aquila Connect Corporate Bond Index Over 15 Years Fund (GB00B00CMP49) | n/a | n/a |

Source: Fidelity

* ISIN = the International Securities Identification Number unique to each fund.

** Charge = the funds' Total Expense Ratio ("TER"), which includes the funds' Annual Management Charge ("AMC") and Operating Costs and Expenses ("OCE").

*** Underlying Fund = the fund in which the Plan's top level Fund invests.

# Appendix 4 - Tables illustrating the impact of charges and costs

The following tables show the potential impact of the costs and charges borne by members on projected values at retirement in today's money for typical members joining at a range of ages and opening fund values/contribution levels:

### 3a For the default arrangement

Member Aged 42

| | Drawdown Lifestyle | |
|---|---|---|
| Years to retirement | Before costs & charges (£) | After all costs & charges (£) |
| 23 | £78,534 | £78,534 |
| 20 | £111,327 | £110,626 |
| 15 | £174,706 | £172,083 |
| 10 | £241,863 | £235,956 |
| 5 | £303,128 | £292,433 |
| 3 | £329,198 | £315,920 |
| 1 | £356,205 | £338,785 |
| 0 | £370,069 | £349,923 |

Member Aged 24

| | Drawdown Lifestyle | |
|---|---|---|
| Years to retirement | Before costs & charges (£) | After all costs & charges (£) |
| 41 | £8,729 | £8,729 |
| 30 | £52,595 | £51,730 |
| 25 | £79,231 | £77,387 |
| 20 | £111,155 | £107,795 |
| 15 | £149,344 | £143,766 |
| 10 | £187,889 | £179,227 |
| 5 | £219,922 | £207,426 |
| 3 | £233,521 | £219,067 |
| 1 | £247,592 | £230,139 |
| 0 | £254,808 | £235,430 |

Source: Hymans Robertson

### 3b For the Other lifestyle option

Member Aged 42

| | Cash Lifestyle | |
|---|---|---|
| Years to retirement | Before costs & charges (£) | After all costs & charges (£) |
| 23 | £78,534 | £78,534 |
| 20 | £111,327 | £110,626 |
| 15 | £174,706 | £172,083 |
| 10 | £241,863 | £235,956 |
| 5 | £303,128 | £292,433 |
| 3 | £327,713 | £314,647 |
| 1 | £349,292 | £333,736 |
| 0 | £358,570 | £341,775 |

Member Aged 24

| | Cash Lifestyle | |
|---|---|---|
| Years to retirement | Before costs & charges (£) | After all costs & charges (£) |
| 41 | £8,729 | £8,729 |
| 30 | £52,595 | £51,730 |
| 25 | £79,231 | £77,387 |
| 20 | £111,155 | £107,795 |
| 15 | £149,344 | £143,766 |
| 10 | £187,889 | £179,227 |
| 5 | £219,922 | £207,426 |
| 3 | £232,458 | £218,176 |
| 1 | £242,722 | £226,659 |
| 0 | £246,766 | £229,855 |

Source: Hymans Robertson

### 3c For a selection of the self-select funds: (Highest and lowest Charging)

Member Aged 42

| | Virgin Money Property Fund | |
|---|---|---|
| Years to retirement | Before costs & charges (£) | After all costs & charges (£) |
| 23 | £78,534 | £78,534 |
| 20 | £111,327 | £111,018 |
| 15 | £174,706 | £173,547 |
| 10 | £250,730 | £248,180 |
| 5 | £341,737 | £337,081 |
| 3 | £382,939 | £377,193 |
| 1 | £427,173 | £420,172 |
| 0 | £450,493 | £442,798 |

| | Virgin Money Index-linked Fund | |
|---|---|---|
| Years to retirement | Before costs & charges (£) | After all costs & charges (£) |
| 23 | £78,534 | £78,534 |
| 20 | £114,161 | £113,961 |
| 15 | £185,598 | £184,814 |
| 10 | £275,241 | £273,445 |
| 5 | £387,479 | £384,068 |
| 3 | £439,880 | £435,603 |
| 1 | £497,155 | £491,861 |
| 0 | £527,756 | £521,891 |

Member Aged 24

| | Virgin Money Property Fund | |
|---|---|---|
| Years to retirement | Before costs & charges (£) | After all costs & charges (£) |
| 41 | £8,729 | £8,729 |
| 30 | £52,595 | £52,213 |
| 25 | £79,231 | £78,414 |
| 20 | £111,155 | £109,662 |
| 15 | £149,344 | £146,859 |
| 10 | £194,955 | £191,067 |
| 5 | £249,353 | £243,535 |
| 3 | £273,926 | £267,156 |
| 1 | £300,277 | £292,437 |
| 0 | £314,158 | £305,734 |

| | Virgin Money Index-linked Fund | |
|---|---|---|
| Years to retirement | Before costs & charges (£) | After all costs & charges (£) |
| 41 | £8,729 | £8,729 |
| 30 | £56,220 | £55,957 |
| 25 | £87,130 | £86,548 |
| 20 | £125,877 | £124,775 |
| 15 | £174,349 | £172,448 |
| 10 | £234,890 | £231,803 |
| 5 | £310,401 | £305,603 |
| 3 | £345,576 | £339,907 |
| 1 | £383,979 | £377,313 |
| 0 | £404,481 | £397,263 |

Source: Hymans Robertson

## Assumptions

As each member has a different amount of savings within the Plan and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. The assumptions are explained below:

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs.
- The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs.
- The transaction cost figures used in the illustration are based on those provided by the managers over the Plan year.
- The opening DC pot size is £8,729, which was the average pot size for members age 24 at 30 September 2024 and £78,534, which was the average pot size for members age 42 at 30 September 2024
- The starting salary is assumed to be £24,770 for members age 24 at 30 September 2024 and £49,954 for members age 42 at 30 September 2024
- Annual salary growth and inflation is assumed to be 3.0% p.a. and 2.5% p.a..
- A contribution of 12%p.a. and 17%p.a., which was the average contribution for members age 24 and 42 at 30 September 2024
- The level of costs and charges is to remain fixed throughout the illustration period.
- The gross investment return, TERs and transaction costs for each fund was:

Table 10 Assumptions

| Fund name | Gross investment return (p.a.) | Total Expense Ratio (% p.a.) | Transaction Costs (% p.a.) |
|---|---|---|---|
| Virgin Money Growth Fund | 6.00% | 0.19% | 0.06% |
| Virgin Money Diversified Fund | 4.00% | 0.29% | 0.04% |
| Virgin Money Pre-Retirement Targeting Drawdown | 4.00% | 0.40% | 0.44% |
| Virgin Money Property Fund | 6.00% | 0.67% | -0.56% |
| Virgin Money Pre-Retirement Targeting Annuity | 6.00% | 0.12% | -0.05% |
| Virgin Money Cash Fund | 2.00% | 0.12% | 0.02% |
| Virgin Money Index-linked Fund | 7.00% | 0.09% | -0.02% |
| Virgin Money Defensive Bonds Fund | 2.00% | 0.40% | 0.14% |

- The assumptions as used in the Statutory Money Purchase Illustrations included with members' benefit statements as at 30 September 2024 have otherwise been used.

Please note that:

- These illustrations take account of both the Total Expense Ratios and transaction costs of the funds. The transaction cost figures used in the illustration are those provided by the managers over the last 12 months.

Please also note that these illustrated values:

- Have been rounded to the nearest £100 for simplicity;
- Are shown in today's terms, and do not need to be reduced further for the effect of future inflation;
- Are estimates using assumed rates of future investment returns and inflation which may not be borne out in practice;
- The assumptions used may be differ in the future to reflect changes in regulatory requirements or investment conditions;
- Will be affected by future, and as yet unknown, changes to the Plan's investment options;
- Are not guaranteed;
- Depend upon how far members in the default lifestyle option are from retirement as the funds used change over time;
- May not prove to be a good indication of how your own savings might grow;
- Comply with the Technical Actuarial Standards (TAS) 100: Principles for Technical Actuarial Work.

# Appendix 5 - Investment performance

This appendix shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options that members are able, or were previously able, to select and in which members were invested during the Plan Year.

For the arrangements where returns vary with age, such as for the default strategy, returns are shown over various periods for a member aged 25, 45, 55, 63 and 65 at the end of the period the returns are shown below.

- Drawdown Lifestyle Strategy net returns over periods to Plan year end
- Annuity Lifestyle Strategy net returns over periods to Plan year end
- Cash Withdrawal Lifestyle Strategy net returns over periods to Plan year end
- Legacy Annuity Lifestyle Strategy net returns over periods to Plan year end

These net returns make an approximate allowance for the basis on which Provider collects its charges specific to our Plan

When looking at the following figures it should be borne in mind that major stock markets rose significantly in 2024 continuing the recovery in 2023 after the difficult period in 2022 which saw significant falls in equity and bond markets.  Bond markets also performed positively in 2024.

### Default arrangements

The investment performance of the funds used in the default arrangements during periods up to 30 September 2024 net of all costs and charges expressed as an annual geometric compound percentage were:

Drawdown Lifestyle Arrangement

| Member Age | 1 year<br>Fund | 3 years (p.a.)<br>Fund | 5 years (p.a.)<br>Fund |
|---|---|---|---|
| 25 | 23.5% | 5.5% | 8.1% |
| 45 | 23.5% | 5.5% | 8.1% |
| 55 | 15.4% | 1.5% | 4.9% |
| 63 | 13.6% | 0.5% | 2.6% |
| 65 | 12.9% | 0.7% | 2.7% |

Source Fidelity

*Assuming retirement age of 65*
*Performance prior to November 2020 uses the performance of the former Yorkshire and Clydesdale Bank DC Scheme arrangements for illustrative purposes.*

Cash Withdrawal and Annuity Lifestyle Arrangements

| Member Age | 1 year Fund | 3 years (p.a.) Fund | 5 years (p.a.) Fund |
|---|---|---|---|
| 25 | 23.6% | 5.5% | 8.1% |
| 45 | 23.6% | 5.5% | 8.1% |
| 55 | 15.4% | 1.5% | 4.9% |
| 63 (Cash Withdrawal Lifestyle) | 13.4% | 1.1% | 2.9% |
| 65 (Cash Withdrawal Lifestyle) | 11.2% | 1.8% | 3.3% |
| 63 (Annuity Lifestyle) | 12.0% | -1.3% | 1.5% |
| 65 (Annuity Lifestyle) | 9.5% | -4.1% | -1.3% |

Source Fidelity

*Assuming retirement age of 65*
*Performance prior to November 2020 uses the performance of the former Yorkshire and Clydesdale Bank DC Scheme arrangements for illustrative purposes.*

Legacy Annuity Lifestyle Arrangement

| Member Age | 1 year Fund | 3 years (p.a.) Fund | 5 years (p.a.) Fund |
|---|---|---|---|
| 25 | 21.7% | 7.6% | 9.8% |
| 45 | 21.7% | 7.6% | 9.8% |
| 55 | 21.7% | 7.6% | 9.8% |
| 63 | 12.9% | -6.5% | -1.3% |
| 65 | 10.2% | -8.8% | -3.6% |

Source Fidelity

*Assuming retirement age of 65*
*Performance prior to November 2020 uses the performance of the former Yorkshire and Clydesdale Bank DC Scheme arrangements for illustrative purposes. Performance estimated to end of Plan Year as finds closed during Plan Year.*

**Other investment options**

The investment performance of the funds used in the other investment options during periods up to 30 September 2024 net of all costs and charges expressed as an annual geometric compound percentage were:

**Other lifestyle options**

See section above.

**Self-select funds**

The investment performance of the available self-select funds during periods up to 30 September 2024 net of all costs and charges expressed as an annual geometric compound percentage were:

| Fund Name | 1 Year | 3 Years (p.a.) | Since 30 November 2020 (p.a.) |
|---|---|---|---|
| Virgin Money Growth Fund | 23.5% | 5.5% | 8.7% |
| Virgin Money Diversified Fund | 14.4% | 0.8% | 2.6% |
| Virgin Money Pre-Retirement Fund Targeting Drawdown | 12.8% | N/A | N/A |
| Virgin Money Defensive Bonds | 10.6% | 5.5% | 5.2% |
| Virgin Money Pre-Retirement Fund Targeting Annuity | 10.4% | -8.1% | -7.8% |
| Virgin Money Cash | 5.3% | 3.2% | 2.5% |
| Virgin Money Sustainable Active Fund | 17.4% | 2.4% | 6.0% |
| Virgin Money Sustainable Passive Fund | 25.9% | N/A | N/A |
| Virgin Money Islamic Equity Fund | 27.3% | 12.4% | 14.0% |
| Virgin Money Index-Linked Gilt Fund | 6.5% | -14.3% | -11.5% |
| Virgin Money Property Fund | 9.2% | 5.3% | 5.8% |

Source Fidelity (Performance shown since inception of arrangements with Fidelity)

Self-select funds closed during the Plan Year

| Fund Name | 1 Year | 3 Years (p.a.) | Since 30 November 2020 |
|---|---|---|---|
| Virgin Money UK Equity Fund | 11.7% | 6.3% | 9.3% |
| Virgin Money World ex UK Equity | 21.5% | 8.8% | 11.4% |
| Virgin Money World ex UK Equity (Currency Hedged) | 30.7% | 9.2% | 12.2% |
| Virgin Money World Emerging Markets | 14.8% | -0.0% | 0.8% |
| Virgin Money Long Gilts | 9.9% | -15.2% | -14.4% |
| Virgin Money Long Corporate Bonds | 14.5% | -10.5% | -9.1% |

Source Fidelity (Performance shown since inception of arrangements with Fidelity)