

# YOUR 2020 DB MEMBER REPORT

Associated  
British Foods | Pension  
Scheme

Welcome to your 2020 Member Report for the DB Section of the Scheme. Within the report, you'll find brief summaries of the Scheme's investments and membership, as well as updates / changes in the pension world that may impact you.

## IN THE NEWS



### How are my pension benefits affected by Covid-19?

As has been widely reported in the press recently, there have been significant movements in the stock market over the past few months as a result of the global Covid-19 outbreak. The impact that this may have on your pension will depend on the type of pension you have, and how close you are to retirement.

We have produced a news article on our website which explains how your pension benefits may be affected by Covid-19. You can view this at [www.abfpensions.com/639/2208/investment-update-coronavirus](http://www.abfpensions.com/639/2208/investment-update-coronavirus).

In respect of your pension benefits held in the DB section of the Scheme, any investment risk is borne by the Company, not the member, although if you have made any AVCs in the Defined Contribution Section these would be exposed to market movements (explained further in the news article in the link above). The Trustee encourages you to think carefully and consider getting investment advice before changing your AVC investment options in the current market (to avoid crystallising any losses).

### Contacting us during the Covid-19 outbreak

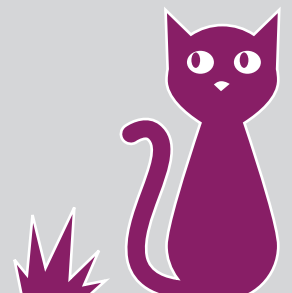
In response to the Government guidelines for workplaces, the Scheme's administrators have a reduced team working in the office with the rest of the team working from home. The Scheme has a comprehensive business continuity plan in place to ensure all member services continue (including during any further lockdown measures). The team will endeavour to respond as quickly as possible but there may be a longer turnaround time compared with the usual service.

It is likely in this disruptive and uncertain time that there may be interruption and delays to postal services in particular though. If you need to send us completed forms or documents we have a secure file transfer web site which can be used on request instead of posting them to us, please contact us by email or phone for further details.

### Member Nominated Trustee vacancy

The Scheme's Trustee Board should have three Trustees who are nominated by the membership, known as Member Nominated Trustees (MNTs). There are currently three MNT vacancies due to one member retiring and the other two members approaching the end of the term. We are therefore seeking nominations for MNT Directors from the membership. Active and pensioner members are able to apply.

Information on the role of the Trustee Director and the process for submitting your nomination is available at [www.abfpensions.com/1226/member-nominated-trustee-vacancy](http://www.abfpensions.com/1226/member-nominated-trustee-vacancy). The deadline for nominations is 8 January 2021.



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## Transferring your DB pension



Flexibilities were introduced for Defined Contribution (DC) benefits in April 2015, however these flexibilities were not extended to Defined Benefit (DB) arrangements.

If you are an active or a deferred member and you want to take advantage of these flexibilities, you will need to transfer your DB pension to a suitable DC arrangement. If your DB benefits are valued at £30,000 or more, then you will legally need to take financial advice from an FCA approved financial advisor.

If you are considering transferring your benefits, it's important that you understand the risks involved and the value of the benefits that you will be giving up. The main risk when transferring benefits from a DB to a DC arrangement is that the resulting benefits may not match the benefits that you are giving up. This includes loss of a guaranteed pension and the benefits payable on your death, including a spouse's pension and potential lump sum.

You also need to be aware of the companies and individuals who may try to convince you to transfer your benefits to an arrangement that is later found to be a scam. You can find more information on how to identify and avoid potential scams on our website at [www.abfpensions.com](http://www.abfpensions.com) under the Information tab.

If you are considering transferring to an overseas arrangement, it's important that you understand that additional tax charges that may apply. You can find more information on the tax charges at [www.gov.uk/government/publications/qualifying-recognised-overseas-pension-schemes-charge-on-transfers](http://www.gov.uk/government/publications/qualifying-recognised-overseas-pension-schemes-charge-on-transfers).

## Your personal Annual Allowance (AA)

The Annual Allowance (AA) is the limit on the total amount of contributions that can be paid to DC schemes and the total amount of benefits that you can build up in DB schemes each year for tax relief purposes. From April 2016, you need to calculate your own personal AA, please refer to our website at [www.abfpensions.com/db/taxation](http://www.abfpensions.com/db/taxation) for more details on how to do this. HMRC have also made a calculator available to assist you with calculating your personal AA, you can find this at [www.tax.service.gov.uk/paac](http://www.tax.service.gov.uk/paac). If you exceed the AA, you may be liable for a tax charge.

In addition to the standard AA, if you take more than 25% cash from a DC arrangement then you will be subject to the Money Purchase Annual Allowance of £4,000 for future contributions to a DC arrangement. Your personal AA may also be reduced depending on your earnings (known as the Tapered Annual Allowance). If you do exceed your personal AA and incur a tax charge, it is possible for this to be paid from your pension fund using a facility called Scheme Pays. If you would like further details on this, please contact us on 0800 090 2267.

## The Lifetime Allowance (LTA)

The Lifetime Allowance increased to £1.0731 million on 6 April 2020. If your total pension savings exceeded £1 million on 5 April 2016, you can apply for Individual Protection 2016.

If you are interested in applying for protection, further information can be found on the HMRC website at [www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance](http://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance).



# PENSIONER CORNER

## Online payslips

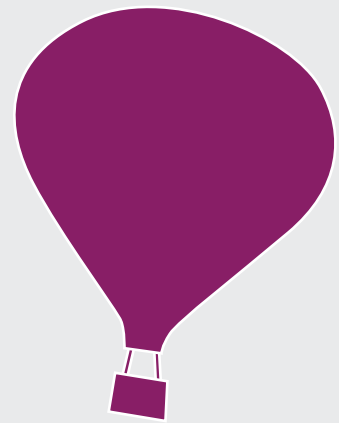
All pensioners have access to their payslips online. You can login at [www.abfpensions.com](http://www.abfpensions.com).

If you need a reminder of your login credentials or any help logging on, please contact the pensions team on **0800 090 2267**.

## Telephone service

If you move house or change your bank, you can now call the team and we can take these details over the phone. We will take you through a series of security questions to make sure we're talking to you and you'll receive a letter confirming that the change has been made.

The number is **0800 090 2267** (or **+44 (0)207 636 8111** if you're calling from outside the UK). It's free to call from UK landlines and mobiles and the team are available Monday to Friday, from 9am to 5pm.



# USEFUL INFORMATION

## Don't let a scammer enjoy your retirement!

Unfortunately, pension scams have become more of a problem over recent years with fraudsters targeting pension scheme members with promises of accessing benefits early, guaranteed high rewards and new investment opportunities.

You can find out more about how to avoid being scammed on our website at [www.abfpensions.com](http://www.abfpensions.com) under the Information tab.

## Data Protection

In May 2018, new data protection legislation (the General Data Protection Regulation) came into force introducing significant changes to how the Trustees process personal data fairly and securely. Information about how the Trustees process your personal data, and your rights in respect of your personal data (including the right to object in certain circumstances), is provided in the privacy notice available online at [www.abfpensions.com/dataprotection](http://www.abfpensions.com/dataprotection) (and is also available in printed form, please contact us if you would like to request this).



## The Pensions website

You can find lots of useful information on the Scheme, your retirement benefits and options on our website [www.abfpensions.com](http://www.abfpensions.com), including a secure area which you can use to view your personal information and some documents.

If you need any help accessing your secure online account then please call us on **0800 090 2267**.



# THE FINANCIALS

## Membership

On 5 April 2020 there were:

<b>1,627</b>	<b>6,786</b>	<b>14,477</b>
Active members	Deferred members	Pensioners and Dependants

## Income and expenditure

This table shows the breakdown of income and expenditure for the year to 5 April 2020.

Members' and the company's contributions, and Additional Voluntary Contributions	£36,384,000
Investment income and change in market value of investments	-£331,753,000*

**Total income** **-£295,369,000\***

Retirement and death benefits	£113,080,000
Administration expenses	£5,576,000
Investment management expenses	£21,474,000
Transfers out	£27,477,000
Taxation where lifetime or annual allowance exceeded	£289,000

**Total expenditure** **£167,896,000**

\* The negative return over the year was due to the investment assets falling in value during February and March 2020 in response to the global Covid-19 pandemic. In the period April to September 2020 the investment assets recovered substantially in value and produced positive returns.

## Investing

How we invest the assets of the Scheme is summarised below:

Fund category	Percentage of holdings at April 2020	Target allocation of overall holdings
Cash	0.5%	1 - 3%
Property	10.4%	36.5 - 46.5 %
Global Equities (may include UK)	33.3%	
Fixed interest and index linked bonds (including illiquid credit)	55.8%	52.5 - 60.5%

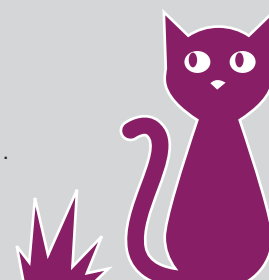
## General market update

The global economy performed well for the first 9 months of the year, supported by banking policies and investor sentiment. However this changed suddenly at the start of 2020 as markets fell sharply as the COVID-19 outbreak in China spread to other countries, weighing on global economic prospects. The World Health Organisation declared the outbreak a pandemic. This forced governments into large scale lockdowns, enforced travel restrictions and unveiled policy measures to mitigate the economic impact. All major Global Equity markets, as measured by the MSCI World Index, posted negative returns in Sterling terms over the year.

Global Bond markets generated mixed returns over the year, with government bonds outperforming corporate bonds. As a result of the pandemic, government bond yields slumped to new record lows to levels last seen during the global financial crisis. Interest rates in the UK remained unchanged with inflation remaining stable. In aggregate, the Scheme's managers generally underperformed versus their individual benchmarks. However in the months following the year end, markets have bounced back to levels approaching those before the pandemic's impact.

## Average overall investment return

Over the last year until 31 March, the average annual return was -6.0% vs a benchmark of -3.6%.  
Over three years, the average annual return for each year was 0.8% vs a benchmark of 1.3%.  
Over five years, the average annual return for each year was 3.9% vs a benchmark of 4.5%



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## How members have invested their AVCs

Additional Voluntary Contributions (known as AVCs) are payments a member can make to help boost their retirement income. They are invested in the way that each individual member chooses from the investment options on offer. The Trustee hold members' AVC investments that are invested separately from the main fund. Members participating in AVC arrangements receive a statement confirming the amount held in their account(s) at April each year.

On 5 April 2020, a total of over £9 million was invested with the following providers:

### Current funds

Funds on the Mobius Life platform	£4,534,000
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### Legacy funds

Phoenix Life Limited (formerly London Life Limited)	£7,000
Clerical Medical	£1,252,000
Utmost Life	£274,000
Prudential	£78,000
ReAssure (formerly Guardian, formerly Scottish Equitable)	£19,000
Standard Life Aberdeen	£3,774,000

<b>Total</b>	<b>£9,938,000</b>
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## LOOKING AFTER YOUR SCHEME

Trustee	Associated British Foods Pension Trustees Limited	
Company Appointed Trustee Directors	James West (Independent Chairman), John Bason, Paul Lister, Giles Haig, Ciara Ruane (from 10 October 2019)	
Member Nominated Trustee Directors	Paul Longley, Sarah Giffen	
Secretary to Trustee and Group Pensions Director	Colin Hatley	
Investment Managers at year end	Alcentra Ltd Ares Management Ltd Arcmont Asset Management LLP (formerly Bluebay Asset Management LLP) Artemis Investment Management LLP Beach Point Capital Management LP Blackrock Investment Management UK Ltd Calamos Investments LLC Cordet Capital Partners LLP CQSM LLP EQT Credit Investment Advisors LLP Goldman Sachs Asset Management Inc Hay Financial Management LLP Hexavest Inc (removed 29 May 2020) HG Capital LLP	H.I.G. Capital International Advisors LLP Insight Investment Management Ltd Liontrust Asset Management Plc Morgan Stanley Muzinich & Co MV Credit Partners LLP NeuBerger Berman River and Mercantile Asset Management LLP Schroder Investment Management Ltd Standard Life Aberdeen plc Veritas Asset Management LLP
Actuary	James Bourne, Mercer Ltd	
Administrator	ABF Group Pensions Department	
Auditor	Ernst and Young LLP	
Banker	Bank of Scotland	
Custodian	The Bank of New York Mellon	
Investment and Benefit Consultants	Mercer Ltd	
Property Manager	Workman LLP	
Property Valuer	CB Richard Ellis	
Solicitor	Travers Smith	