

Doyle London Hotels Limited Pension and Life Assurance Fund

Chair's statement for the fund year ended 31 October 2022

1) Introduction

This statement has been prepared by the Trustees of the Doyle London Hotels Limited Pension and Life Assurance Fund ("the Fund") to demonstrate how the Fund has complied with the governance standards introduced under the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018. It describes how the Fund has complied with the statutory governance standards during the Fund year ending 31 October 2022; these cover the following key aspects affecting the operation of the Fund:

- The default investment strategy and alternative investment arrangements.
- Assessment of charges and transaction costs.
- The monitoring of administration and core financial transactions.
- The extent to which the Fund represents good value for members.
- The Trustee Directors' compliance with the statutory knowledge and understanding ("TKU") requirements.

As Chairman of the Trustees, I must provide you with an annual statement for the period 1 November 2021 to 31 October 2022 which explains what steps have been taken by the Trustees, with the help of our professional advisers, to meet the governance standards. This statement covers the DC benefits within the Fund, including Additional Voluntary Contributions (AVCs), invested with Legal and General Investment Management (LGIM).

2) The investment strategy

The Trustees commissioned a review of the investment strategy in 2021, receiving professional investment advice from WTW. During the review the Trustees considered, among other items, the extent to which the expected return on investments, after deduction of any charges relating to those investments, is consistent with their investment aims and objectives.

The Fund's DC section consists of a number of historic small pots invested on behalf of members with no other liabilities in the Fund, who the Trustees have found difficulty in contacting, despite undertaking a member tracing exercise. Some of these pots are subject to a defined benefit underpin in respect of the pre-6 April 1997 element. There are no ongoing contributions, and no new members are permitted to join the Fund. As such, there is no default investment strategy.

The AVC section of the Fund historically had a default investment strategy, the LGIM Multi Asset Fund (formerly the LGIM Consensus Fund) which applied when a member started paying AVCs and did not make an investment decision.

Description of the AVC default option

Under the default option, members invest solely in the LGIM Multi Asset Fund, which aims to provide long-term investment growth through exposure to a diversified range of asset classes, excluding physical property.

Statement of Investment Principles

As there are fewer than 100 members, the Trustees have not produced a Statement of Investment Principles.

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Investment options

The Fund offers the following investment options:

DC Section

Fund name	Type
LGIM All World Equity Index	Passive
LGIM All World Equity Index GBP Hedged	Passive
LGIM Diversified	Active*
LGIM All Stock Gilts Index	Passive
LGIM AAA-AA-A Corporate Bond All Stocks Index Fund	Passive
LGIM Overseas Bond Index	Passive
LGIM Sterling Liquidity	Active

*The LGIM Diversified fund utilises passive components, but the manager will review the allocation of the asset classes on a quarterly basis, hence the classification as an active fund.

AVC Section

Fund name	Type
LGIM Multi Asset	Active

Performance of the investment options

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduce new requirements for trustees of relevant occupational pension schemes. From 1 October 2021 trustees are required to calculate and state the return on investments from the investment options, net of transaction costs and charges, and record these in the Chair's Statement. The performance of the investment options are set out below.

DC Section

Fund	1 year (%)	3 years (% pa)	5 years (% pa)	10 years (% pa)
LGIM All World Equity Index	-4.43	9.16	8.50	-
<i>FTSE All-World NetTax</i>	-4.22	9.38	8.68	-
LGIM All World Equity Index GBP Hedged	-14.79	5.99	5.75	-
<i>All World (Ste Hdgd) (PB)</i>	-14.67	6.20	5.95	-
LGIM Diversified	-9.92	1.08	2.74	6.19
<i>Diversified Fund reporting (PB)</i>	-8.99	8.73	8.11	11.58
LGIM All Stock Gilts Index	-22.64	-8.18	-2.91	0.43
<i>FTSE A UK Gilts All Stocks</i>	-22.56	-8.09	-2.81	0.53
LGIM AAA-AA-A Corporate Bond All Stocks Index Fund	-18.03	-5.72	-1.80	1.51
<i>Markit iBoxx GBP Non-Gilts ex BBB All Stock</i>	-17.76	-5.52	-1.69	1.63
LGIM Overseas Bond Index	-5.03	-3.07	0.10	1.84
<i>JPM Global (ex UK) Traded</i>	-4.96	-2.97	0.20	1.93
LGIM Sterling Liquidity	0.79	0.36	0.44	0.40
<i>SONIA</i>	0.88	0.38	0.42	0.36

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Chair's statement for the fund year ended 31 October 2022 *(continued)*

AVC Section

Fund	1 year (%)	3 years (% pa)	5 years (% pa)	10 years (% pa)
LGIM Multi Asset	-11.41	0.38	2.33	6.03
<i>Consensus Fund (PB) Chain linked to ABI</i>	-10.31	1.82	2.32	6.23

Notes

- Figures shown are based on performance provided by LGIM as at 31 October 2022.
- Performance data is net of charges including the annual management charge and additional expenses.

3) Assessment of charges and transaction costs

The Fund Management Charge is applied by LGIM and covers the investment charges. Transaction costs are necessarily incurred as a part of buying and selling the funds' underlying investments. Transaction costs are comprised of both explicit and implicit components. Explicit costs include fees charged by brokers to buy or sell securities and also taxes or levies charged by regulatory or tax authorities. Implicit costs include the impact of market movements and any costs as a result of a time delay between submission and execution of an order.

The Trustees are required to set out the on-going charges borne by members in this statement. The member charges that apply to the funds, as well as the transaction costs, are set out in the table below. Other costs associated with running the Fund which are not paid for by members have been excluded.

DC Section

Fund	Fund Management Charge (%)	Transaction costs (%)	Overall cost (%)
LGIM All World Equity Index	0.20	0.07%	0.27%
LGIM All World Equity Index GBP Hedged	0.22	0.14%	0.36%
LGIM Diversified Fund	0.23	0.03%	0.26%
LGIM All Stock Gilts Index	0.10	0.18%	0.28%
LGIM AAA-AA-A Corporate Bond All Stocks Index Fund	0.15	-0.02%	0.13%
LGIM Overseas Bond Index	0.15	-0.03%	0.12%
LGIM Sterling Liquidity Fund	0.12	0.06%	0.18%

AVC Section

Fund	Fund Management Charge (%)	Transaction costs (%)	Overall cost (%)
LGIM Multi Asset	0.25	0.05%	0.30%

Notes

- All data has been provided by LGIM.
- Transaction costs are shown to 31 December 2022.
- Transaction costs for the funds have been calculated using the 'slippage' methodology. This is impacted by market movements between instructing and executing a trade so can result in negative costs if the price of the stock moves in the fund's favour before the trade is completed.

£ and pence illustration

To show the cumulative effect of charges and transaction costs over time, a '£ and pence' illustration example is provided with this Chair's statement. We have used several sample members to show the cumulative effect over the period to normal retirement age, of the charges and transaction costs, on the value of a range of realistic and representative funds, account sizes and contribution rates. The illustration is shown in Appendix 1, along with the assumptions used.

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4) The monitoring of administration and core financial transactions

The Trustees regularly monitor the core financial transactions of the Fund. The core financial transactions include:

- the transfer of assets relating to members out of the Fund;
- the transfer of assets relating to members between different investment options within the Fund; and
- payments from the Fund to, or in respect of, members.

During the year the Trustees ensured the core financial transactions of the Fund were processed promptly and accurately by having the Pensions Manager confirm that financial transactions have been executed in a timely manner.

The Trustees, having considered reports received from the Pensions Manager, have concluded that the Fund's core financial transactions have been processed promptly and accurately during the Fund year.

Administration service standards

Due to the historic nature of the policies and lack of member interaction, there were no administrative tasks to undertake during the Fund year.

5) The extent to which the Fund represents good value to members

The Trustees are committed to ensuring that members receive good value from the Fund (i.e. the costs and charges deducted from members' accounts and contributions paid provide good value in relation to the benefits and services provided by or on behalf of the Fund). The Trustees undertook their annual assessment of whether the total cost of Fund membership represented value for money in April 2023. This assessment was supported by a report prepared by the Fund's advisers, WTW, and graded value for money as 'Excellent, Good, Sufficient, or Poor'. The only service paid for wholly by members is access to the investment funds. On that basis only the competitiveness of the charges paid and investment fund performance fall within the VFM assessment.

To assess the total value members receive from the Fund, the Trustees considered both the:

- Legal duty to assess value for members, which for the Fund includes charges, investment, administration, and communication.
- Broader elements of good value provided by the Fund that members do not meet the cost for, which include Fund governance and management.

An overview of the outcome of the report, which was carefully considered and accepted by the Trustees is shown below:

Investment returns

The Fund's DC section consists of a number of historic small pots invested on behalf of members with no other liabilities in the Fund, who the Trustees have found difficulty in contacting, despite undertaking a member tracing exercise. There are no ongoing contributions, and no new members are permitted to join the Fund. As such, there is no default investment strategy. The Additional Voluntary Contributions "AVC" section of the Fund historically had a default investment strategy, the LGIM Multi Asset Fund (formerly the LGIM Consensus Fund) which applied when a member started paying AVCs and did not make an investment decision.

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Chair's statement for the fund year ended 31 October 2022 *(continued)*

The majority of DC assets are held within the hedged and unhedged LGIM All World Equity Index funds. Both funds delivered a negative return over the year to 31 October 2022, with the unhedged fund delivering a return of -4.43% and the hedged version -14.79%. The fund performance was reflective of market performance in general and as such both funds tracked their benchmark within an acceptable tolerance. Looking at longer periods, both funds have delivered positive performance over three and five year periods, again tracking their respective benchmarks.

The LGIM Multi Asset Fund delivered a return of -11.41% over the year to 31 October 2022, with the fund comparator returning -10.31%. This again reflects wider market performance and over longer periods it has delivered positive returns.

Some of the pots are subject to a defined benefit underpin in respect of the pre-6 April 1997 element. The Trustees are therefore maintaining these assets until such time that they are converted to defined benefit liabilities. Considering the size and nature of these assets, and that they ultimately relate to defined benefits, it is considered that these members receive '**Sufficient**' value for their membership.

Charges

Details of charges are set out in section 3 Assessment of charges and transaction costs. The Trustees are also required to directly compare the Fund's costs and charges and net investment returns with three comparable schemes of assets greater than £100m – this comparison is detailed in Appendix 2.

In accordance with the Pensions Regulator's expectations, the Trustees have compared the charges applying to the investment funds with comparative data taken from industry surveys:

- The Total Expense Ratios ("TERs") that apply to the funds are below the Government's cap on charges of 0.75% per annum.
- The Government's National Employment Savings Trust ("NEST") has an investment management charge of 0.3% and a contribution charge of 1.8%, which broadly equates to an overall annual management charge of around 0.5%.
- WTW's DC Savings Survey (2022) – 0.32% per annum is the average fee for default funds for single employer trust-based schemes.
- The Department for Work & Pensions Pension charges survey 2020 - charges in defined contribution pension schemes – an average charge of 0.48% per annum applies across members of automatic enrolment pension schemes covered by the survey .

It is difficult to accurately compare the Fund fees against the comparators above, given that the Fund is closed to future contributions, and that the assets have a GMP underpin. This means that members' outcomes at retirement are not directly linked to the charges incurred, as other guarantees and benefits are likely to apply. However, given the Fund charges are almost all below the various benchmarks used above, the Trustees concluded that the charges represent '**Good**' value.

Administration

There were no administrative tasks to undertake during the Fund year. We are therefore unable to assess the value members received in this area and have given a nominal '**Sufficient**' rating.

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Conclusion

In accordance with the Pensions Regulator's DC Code of Practice No 13 and with the relevant legislation, the Trustees concluded that the Fund represents 'Sufficient' value for money for its members. The Trustees note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. The Trustees' advisers have confirmed that the fund charges are competitive for the type of funds available to members. The Trustees will carry out a Value for Members assessment on an annual basis and will continue to review the costs and transaction charges deducted each year to ensure that value for members is maintained or enhanced.

6) The Trustees' compliance with the statutory knowledge and understanding ("TKU") requirements

The law requires the Trustees to possess or have access to, sufficient knowledge and understanding to run the Fund effectively. Each Trustee must be conversant with the trust deed and rules of the Fund and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Fund generally.

The Trustees have an established TKU process in place, which, together with the advice available to them from the Fund's appointed professional advisers, enables the Trustees to properly comply with the legal and regulatory requirements regarding conversance and TKU, and to exercise their functions as Trustees of the Fund.

During the Fund year, the Trustees' approach to meeting the TKU requirements included:

- Receiving training sessions from professional advisers during meetings to ensure the Trustees maintained an appropriate level of knowledge and understanding of current and general issues;
- Considering the Trustees' training requirements, to ensure compliance with the Pension Regulator's Code of Practice regarding TKU;
- Individual Trustees are expected to complete the relevant modules on the Pension Regulator's Toolkit within the first year of their appointment.

In summary

The Trustees recognise the importance of keeping their knowledge and understanding up to date, including when new Trustees are appointed. The Trustees have measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding. A training log is maintained in line with best practice. All Trustees are required to commit to completing the training, either at the relevant meetings or by personal study. All Trustees have completed the Pensions Regulator's Trustee Toolkit.

A proportionate TKU approach is taken in respect of the Funds DC and AVC sections, which the Trustees believe to be appropriate, given the size and nature of these arrangements. Overall, we are satisfied that our combined knowledge and skills, supported by professional advice, enable us to run the Fund effectively.



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Chair of Trustees

21st April 2023

Signed by the Chair on behalf of the Trustees of the Doyle London Hotels Limited Pension and Life Assurance Fund

Doyle London Hotels Limited Pension and Life Assurance Fund

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Appendix 1 - £ and pence illustration

The following tables gives a summary of the projected account values and the impact of costs and charges up to a retirement age of 65. The figures are presented using three member examples; young member, average member and a member approaching retirement. Additionally, the tables include the performance of the funds over different time periods depending on the age of the member.

Example Member	Years	LGIM All World Equity Index Fund		LGIM All World Equity Index Hedged Fund		LGIM Diversified Fund		LGIM Multi Asset Fund		LGIM Sterling Liquidity Fund	
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Young member	1	£2,100	£2,100	£2,100	£2,100	£2,100	£2,000	£2,100	£2,000	£2,000	£2,000
	3	£2,300	£2,300	£2,300	£2,300	£2,200	£2,100	£2,200	£2,100	£1,900	£1,900
	5	£2,500	£2,500	£2,500	£2,500	£2,300	£2,200	£2,300	£2,200	£1,900	£1,800
	10	£3,100	£3,000	£3,100	£3,000	£2,600	£2,500	£2,600	£2,500	£1,700	£1,700
	15	£3,900	£3,800	£3,900	£3,800	£2,900	£2,800	£2,900	£2,800	£1,600	£1,600
	20	£4,900	£4,600	£5,000	£4,600	£3,300	£3,100	£3,300	£3,200	£1,500	£1,400
	23	£5,600	£5,300	£5,700	£5,200	£3,600	£3,400	£3,500	£3,400	£1,400	£1,400
Average member	1	£5,400	£5,400	£5,400	£5,400	£5,300	£5,300	£5,300	£5,300	£5,100	£5,100
	3	£5,900	£5,900	£6,000	£5,900	£5,600	£5,600	£5,600	£5,600	£5,000	£5,000
	5	£6,500	£6,400	£6,500	£6,400	£5,900	£5,800	£5,900	£5,800	£4,800	£4,800
	10	£8,100	£7,900	£8,200	£7,900	£6,700	£6,500	£6,700	£6,600	£4,500	£4,400
	12	£8,900	£8,600	£9,000	£8,600	£7,000	£6,800	£7,000	£6,900	£4,400	£4,300
Approaching retirement	1	£20,900	£20,900	£20,900	£20,900	£20,500	£20,500	£20,500	£20,500	£19,700	£19,700

Projected fund values are rounded to the nearest hundred.

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Assumptions and notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of inflation.
2. Investment returns and costs/charges as a percentage reduction per annum are assumed to be deducted at the end of the year.
3. Charges and costs are deducted before applying investment returns.
4. Inflation is assumed to be 2.5% each year.
5. No additional contributions are assumed.
6. Values shown are estimates and are not guaranteed.
7. The real projected growth rates for each fund are as follows:

Fund	Real projected growth rate (p.a.)
LGIM All World Equity Index	4.57%
LGIM All World Equity Index GBP Hedged	4.64%
LGIM Diversified	2.53%
LGIM Multi Asset	2.50%
LGIM Sterling Liquidity	-1.44%

8. Transactions costs and other charges have been provided by LGIM and covered 12-month period between 1 January 2022 and 31 December 2022.
9. The assumed retirement age for all example members is 65.
10. Example member:
 - Young: age 42, total contribution: nil, starting fund value: £2,000
 - Average: age 53, total contribution: nil, starting fund value: £5,200
 - Approaching retirement: age 64, total contribution: nil, starting fund value: £20,000

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Appendix 2 - Additional comparison requirements

In October 2021, the Department for Work and Pensions published updated guidance for trustees setting out new VFM requirements for trust-based schemes with total assets of less than £100 million. The Fund's combined DC and AVC assets as at 31 October 2022 were c£272k. The total Fund assets as at this date were below the £100m threshold.

These new requirements mean the Trustees need to directly compare the Fund's costs and charges and net investment returns with three comparable schemes of assets greater than £100m - one of which should be willing to accept the assets via a bulk transfer. To meet this objective, we have selected the following Master Trust arrangements comparing the equivalent member borne fees and charges and net fund performance:

- NEST
- The People's Pension (part of the B&CE master trust)

Due to the size and nature of the Fund's assets, we were unable to find indicative terms from an additional provider. To supplement the analysis, the Fund's advisers, WTW has therefore provided a comparison against market average charges.

It should be noted that the Pensions Regulator's published guidance acknowledges that direct 'like for like' comparisons are unlikely to be possible given different arrangements favour different investment and charging structures but encourages trustees to draw broad conclusions.

The below table shows the comparator funds and charges for each of the DC and AVC funds in which members are invested.

Sector	Fund's fund	The People's Pension comparator	NEST comparator
Equity	LGIM All World Equity Index	Global Investments fund (up to 100% shares)	NEST Higher risk fund
	TERs	0.50%	0.30% NEST also has a contribution charge of 1.8%. In its own illustration it calculates that this equates to approximately 0.50% of the total value of retirement pot
	Transaction costs	0.003%	N/A
Equity	LGIM All World Equity Index GBP Hedged	Global Investments fund (up to 100% shares)	NEST Higher risk fund
	TERs	0.50%	0.30% NEST also has a contribution charge of 1.8%. In its own illustration it calculates that this equates to approximately 0.50% of the total value of retirement pot
	Transaction costs	0.05%	0.057%

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Multi Asset / Diversified	LGIM Diversified Fund	Global Investments (up to 60% shares)	NEST - 2040 Target date fund
TERs	0.23%	0.50%	0.30% NEST also has a contribution charge of 1.8%. In its own illustration it calculates that this equates to approximately 0.50% of the total value of retirement pot
Transaction costs	0.03%	0.05%	0.057%
Multi Asset / Diversified	LGIM Multi Asset	Global Investments (up to 60% shares)	NEST - 2040 Target date fund
TERs	0.25%	0.50%	0.30% NEST also has a contribution charge of 1.8%. In its own illustration it calculates that this equates to approximately 0.50% of the total value of retirement pot
Transaction costs	0.05%	0.05%	0.057%
Cash	LGIM Sterling Liquidity Fund	The People's Pension Cash Fund	N/A
TERs	0.12%	0.50%	N/A
Transaction costs	0.06%	0.003%	N/A

WTW Survey data

DC vehicle	Average AMC for growth phase of default arrangement
Contract-based	0.37%
Master Trust	0.31%
Own trust	0.32%

Source: NEST, The People's Pension, WTW

Notes

1. People's Pension has a sliding fee scale starting at 0.5% reducing to 0.3% for funds over £50,000 (reductions are paid by monthly rebate). An additional £2.50 p.a. annual management charge also applies
2. 'WTW Benchmark' takes an average client annual management charge for defined contribution schemes. This data is taken from a survey of WTW's clients.
3. Transaction costs for the Fund funds are shown to 31 December 2022.
4. Transaction costs for The People's Pension and NEST are shown to 31 March 2022.

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Value comparison - net fund performance

The table below provides a summary of the annualised net investment returns for the two comparator schemes for periods to 31 December 2022.

Provider	Provider fund	3 years (% pa)	5 years (% pa)
The People's Pension	Cash Fund	0.12	0.17
The People's Pension	Global Investments Fund (up to 100% shares)	3.47	4.79
The People's Pension	Global Investments Fund (up to 60% shares)	0.46	2.43
The People's Pension	Annuity Fund	-10.95	-4.59
NEST	NEST - 2040 Target date Fund	3.8	4.6
NEST	NEST Lower Growth Fund	-0.6	0.2
NEST	NEST Higher Risk Fund	4.0	5.0

Notes

1. Figures shown are based on performance provided by Nest and The People's Pension to 31 December 2022
2. Performance data is net of charges including the annual management charge.

Doyle London Hotels Limited Pension and Life Assurance Fund

Statement of Trustees' responsibilities for the financial statements

The audited financial statements, which are to be prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Fund members, beneficiaries and certain other parties, audited financial statements for each Fund year which:

- (i) show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and
- (ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for:

- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to wind up the Fund, or have no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustees' Annual Report, information about the Fund prescribed by pensions legislation, which they should ensure is consistent with the financial statements it accompanies.

The Trustees also have certain responsibilities in respect of contributions which are set out in the statement of Trustees' responsibilities accompanying the Trustees' summary of contributions.

The Trustees are responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

On behalf of the Trustees



D Reape
Trustee

21st April 2023