

LF Stakeholder Pension Scheme

Value Assessment

December 2020

What is a Value Assessment?

An introduction from the Board

As the Board of Link Fund Solutions Limited (“LFSL”), we are committed to creating and maintaining investor value within the funds we operate. Value to us doesn’t just mean cost. Value is a combination of investment performance, product goals and design, transparency, charges, and quality of service.

In our capacity as the Manager we are responsible for the operation of the funds covered by this report. It is our role and responsibility as Board of the Manager to make sure our funds are operated in accordance with UK regulations and their stated investment objectives and policies.

This assessment of value report represents a snapshot of an ongoing process of oversight and monitoring of our funds throughout each year. We combine internal data with independent external inputs to review our funds’ value against the Financial Conduct Authority’s (“FCA”) Assessment Criteria (and others where applicable), which we have grouped under three categories of Quality, Performance and Costs. We aim to provide investors with transparency in our reports. We do this by summarising key elements of this data, where appropriate, and providing explanations of our ratings in the conclusion for each of the three categories, as well as an overall rating for each fund.

The Board has established a Value Assessment Committee, which currently includes three LFSL Board members, as well as senior management representing each relevant area of the business. The Committee meets monthly to review value assessment findings, to prepare final value assessment reports for sign off, and to ensure any appropriate further actions are defined and monitored to completion. In establishing the assessment framework and carrying out its ongoing duties, the Committee met more than 20 times throughout 2020.

The introductory pages to this report provide further details on our value assessment governance approach, how we have assessed value, and the format of the value assessment report itself. We hope that this report helps investors assess the value delivered by our funds clearly, simply, transparently and fairly.

The Board of Directors
Link Fund Solutions Limited

April 2021

Governance approach

Our Board

This Value Assessment Report has been approved by the LFSL Board of Directors. The Board is comprised of the Chair, who is one of three independent non-executive directors, and four executive directors.

Alistair Reid

Independent Non-Executive Director
Chair of LFSL Board

- 40+ years' industry experience
- Appointed to LFSL Board in February 2021*

Tony Stuart

Independent Non-Executive Director

- 40 years' industry experience
- Appointed to LFSL Board in November 2017

Elizabeth Tracey

Independent Non-Executive Director

- 37 years' industry experience
- Appointed to LFSL Board in February 2021*

Chris Addenbrooke

Chief Executive Officer

- 33 years' industry experience
- 13 years at Link Fund Solutions
- Appointed to LFSL Board in June 2007

Karl Midl

Managing Director

- 26 years' industry experience
- 25 years at Link Fund Solutions
- Appointed to LFSL Board in February 2002

Ben Hammond

Finance Director

- 21 years' industry experience
- 18 years at Link Fund Solutions
- Appointed to LFSL Board in October 2015

Nigel Boyling

Director

- 30+ years' industry experience
- 11 years at Link Fund Solutions
- Appointed to LFSL Board in February 2011

* Note: This report covers a period before Alistair and Elizabeth were appointed to the LFSL Board. Previously, Tony Stenning was the Chair and independent non-executive director from October 2019 to February 2021.

Governance of our assessment of value

To ensure our assessments are carried out in a consistent manner we have developed the following governance framework.

- **Value Assessment Committee** – made up of senior leaders from across the business and members of the Board of the Manager, including the Chair of the Board, who also acts as Chair of the Value Assessment Committee. The Committee is responsible for reviewing the assessment and any proposed actions, and raising matters to the Board for review and approval.
- **Value Assessment Working Group** – made up of subject matter experts from across our business who are responsible for analysing internal data and the data sourced from external providers that is used to develop our assessment for each fund.
- **Product Governance** – any actions identified during the assessment are actively tracked through our Product Governance framework.

Our assessment process

Our Assessment of Value, which uses independently sourced market data as well as our own, is based on the seven key assessment criteria outlined by the Financial Conduct Authority (“FCA”), grouped into three core categories: Quality, Performance and Cost.

Category	Quality	Performance	Cost
Assessment Criteria	<ul style="list-style-type: none"> Quality of service 	<ul style="list-style-type: none"> Investment Objective/ Investment Performance 	<ul style="list-style-type: none"> Overall costs Economies of scale Comparable market rates Comparable services Classes of shares

Using these assessment criteria, we have sought to establish whether the funds in the report provide overall value to investors. In addition, we will also consider whether any other assessment criteria should be considered when undertaking the assessment.

In our assessment, we have considered events and, in particular, appropriate long-term performance prior to the assessment period. Where appropriate and relevant to our assessment we have also commented on events that have occurred since the end of the assessment period (i.e., after 31 December 2020), including performance. We have also stated where we may propose to take corrective action.

Quality

To assess Quality, we reviewed the operation and management of the funds against agreed service levels. The service provision includes a review of the following key elements:

- The timely and accurate calculation of the fund’s prices and income payments to investors
- Accessibility, accuracy and use of plain language in fund documentation and investor communications
- Timely and accurate production and distribution of investor statements
- Ensuring trading activities are within fund guidelines
- The level of, and timely response to, any complaints from investors.

Performance

To assess Performance, we reviewed the performance of the funds against their objectives and benchmarks over the long term (5 years). Where appropriate we have commented on events that may have contributed to any short-term under or over performance during the relevant period.

Costs

To assess Costs, we reviewed the following areas over the assessment period:

- The Ongoing Charges Figure (“OCF”) of the fund, which includes charges for the following services:
 - Investment management
 - Depositary/custody
 - Fund administration
 - Audit and Legal
 - Our own service as Manager
- Economies of scale
- Market competitiveness
- Investor / share class suitability.

How we present our findings

Ratings

The results of our assessments are presented using a traffic light system. A traffic light rating is given to each fund that summarises our overall assessment and our findings for the three core categories of Quality, Performance and Cost.

Green – Offers good value

Amber – Has provided value in some but not all areas; additional monitoring and/or further action may be proposed

Red – Has not provided good value; appropriate further action should be detailed

In addition to the overall traffic light rating, we provide individual ratings and commentary on each of the three core categories of Quality, Performance and Cost for each of the funds included in this report.

Overview

Company LF Stakeholder Pension Scheme (the “Scheme”)

Manager Link Fund Solutions Limited (“LFSL”)

Funds

LF Tracker Pension Fund **Page 7**

LF Corporate Bond Pension Fund **Page 14**

LF Cash Pension Fund **Page 20**

Assessment Period 01 January 2020 – 31 December 2020

Important Information on Proposed Changes to the Funds

In our last Value Assessment Report we told investors we would be undertaking a review of the Funds in the Scheme and the pension plan¹ they are held through. This review had the express purpose of supporting unitholders by simplifying the structure, enabling a more appropriate range of funds, default investment strategies and seeking to reduce their overall cost of investing.

We have now completed the review and will be proposing to make certain changes to the scheme. Some of these changes will require confirmation from the Financial Conduct Authority that they will not affect the ongoing authorisation of the Scheme. We would then require the approval of the unitholders in the Funds to effect some of the changes.

Recognising that one of the aims of the review is to reduce the costs to investors, LFSL has taken two actions that did not require regulatory or unitholder approval. Firstly, since the 1 January 2021, LFSL has foregone a level of its income such that unitholders are now incurring a lower level of charges. This is explained in the Costs sections of this report. Secondly, for the LF Tracker Pension Fund we have been able to further reduce costs to unitholders by converting to a cheaper share class of the underlying fund the Fund invests in, and which was completed on 25 March 2021.

Subject to regulatory and unitholder approvals we intend to make further changes in two stages in 2021 and will write to unitholders with more detail nearer the time and explain whether any action is required from them at that stage. For completeness we have provided a summary of the proposed changes below.

Stage 1

LF Corporate Bond Pension Fund and LF Tracker Pension Fund

The Funds in the Scheme are called “feeder funds” which means they invest (feed) directly into a single underlying fund to achieve their investment objective.

We have identified alternative underlying funds that the Funds above could feed into that, in our opinion, would be beneficial unitholders, by further reducing costs.

Changing the underlying fund will require certain changes to the investment objective and policy of the Funds and will require confirmation from the Financial Conduct Authority that the changes will not affect their ongoing authorisation. We would then require the approval of the unitholders to effect the change.

We expect to be writing to unitholders about this change sometime in June 2021. This communication will include more detail on the change, the process to enact the change, and to let unitholders know what action is required at that time.

Stage 2

We are planning to merge Funds of another scheme that we act as Manager for into the Funds in the Scheme.

We expect to write to you about this in August 2021 providing unitholders with more detail about this. Whilst you will not be required to take any action, the letter will contain important information, so you are recommended to read it at that time. At the time of the merger we are also proposing to change some of the service providers to the Scheme, which we believe will not only have further cost benefits, but will also enhance the quality of service investors receive.

Information for all Unitholders

Where this Value Assessment has found unitholders have not received value in the period under review, we believe the proposed changes outlined above will offer greater value in the future.

¹ Funds in the Scheme can only be held by members of the LF Stakeholder Pension Scheme, see <https://pensions.linkgroup.eu/our-products/stakeholder-pension-scheme/> for further details.

LF Tracker Pension Fund

Executive Summary

- LF Stakeholder Pension Scheme (the “Scheme”) is an authorised unit trust scheme. It is a non-UCITS retail scheme and a Registered Pension Scheme. It is closed to new investors.
- **LF Tracker Pension Fund** (“the Fund”) launched in April 2001, and has a single share class available for investment.
- The Fund is only available to existing members of the Scheme. The AMC paid by members includes the costs of administering the Scheme, which most funds in its Sector will not incur.
- The Fund is a feeder fund. It seeks to achieve its investment objective by investing solely in the shares of a single underlying fund, the L&G (N) Tracker Trust (the “underlying fund”).
- The Fund has outperformed its Comparator Benchmark over the assessment period by +1.0%. However over the long term (5 years) it has underperformed by -3.54%. The performance of its underlying fund was in line with its objective of tracking its benchmark, the FTSE All Share Total Return.
- The Ongoing Charges Figure (“OCF”) of the Fund is higher than the Sector’s middle value (median).

We have assessed the Fund based on seven key assessment criteria and grouped these into three core categories: Quality, Performance and Cost. Using these assessment criteria, as detailed below, we (as Manager) have sought to establish whether the Fund provides overall value to investors.

Metric	Quality	Performance	Cost
Assessment Criteria	<ul style="list-style-type: none"> • Quality of service 	<ul style="list-style-type: none"> • Investment Objective / Investment Performance 	<ul style="list-style-type: none"> • Overall costs • Economies of scale • Comparable market rates • Comparable services • Classes of shares
LF Tracker Pension Fund			
Underlying Fund Information	<p>The LF Tracker Pension Fund is invested in the L&G (N) Tracker Trust where Investment Management is provided by Legal & General Investment Limited. The underlying fund aims to track the capital performance of the UK equity market, as represented by the FTSE All Share Index, by investment in a representative sample of stocks selected from all economic sectors.</p>		
Investment Objective	<p>The Fund aims to provide long-term capital growth by investing in a single authorised collective investment scheme.</p>		
Comparator Benchmark	<p>FTSE All Share Total Return Index</p>		
Assets Under Management (“AUM”)	<p>£288.6 million (as at 31 December 2020)</p>		

IA Sector

Unallocated

Note: We have used the UK All Companies (the “Sector”) for our costs comparison, as we consider this provides a representative comparison of funds with a similar investment objective.

Previous Actions Carried Forward: We are reviewing the Fund, the underlying fund it invests in as well as its charging structure and the overall costs paid by investors, as part of a broader review of the Plan. Once complete, we will write to investors in the Fund with full details of any proposed changes to the Fund.

Actions in Progress: The review is now complete and a roadmap outlining the proposed next steps can be found on page 6. We intend to make the changes in two stages later in 2021. Since 1 January 2021 we have been rebating a portion of our fees back to the Fund to reduce the costs borne by investors; this is estimated to reduce the Fund’s OCF by around 0.09%.

Conclusion



Based on our assessment, we have given the Fund a **Red** rating which reflects its underperformance against its Comparator Benchmark in the longer term and its higher costs compared to other similar funds in the Sector. This red rating also reflects, as detailed under the ‘Quality’ section of this report, that our planned changes to the Funds have taken longer to implement than originally planned.. With this noted we have completed a review of the Fund and the actions in progress are outlined on page 6. We will continue to monitor all aspects of the Fund and the implementation of the changes identified in the review, with the aim of ensuring it delivers overall value to investors in the future.

Quality

In order to assess Quality, we reviewed the operation and management of the Fund against agreed service levels. The service provision includes a review of the following key elements:

- The timely and accurate calculation of the Fund's prices and income payments to investors
- Accessibility, accuracy and use of plain language in Fund documentation and investor communications
- Timely and accurate production and distribution of investor statements
- Ensuring trading activities are within Fund guidelines
- The level of, and timely response to, any complaints from investors

Following government advice to work from home during the unprecedented Covid-19 pandemic, there was an impact on some of our usual high quality standards. While we worked to minimise the impact to investors, this particularly affected the months of March and April 2020, where we experienced an increased volume of calls to our customer contact centre. As we and other service providers to the Fund, including the administrator and transfer agent, adapted to working from home, our service levels returned to normal levels.

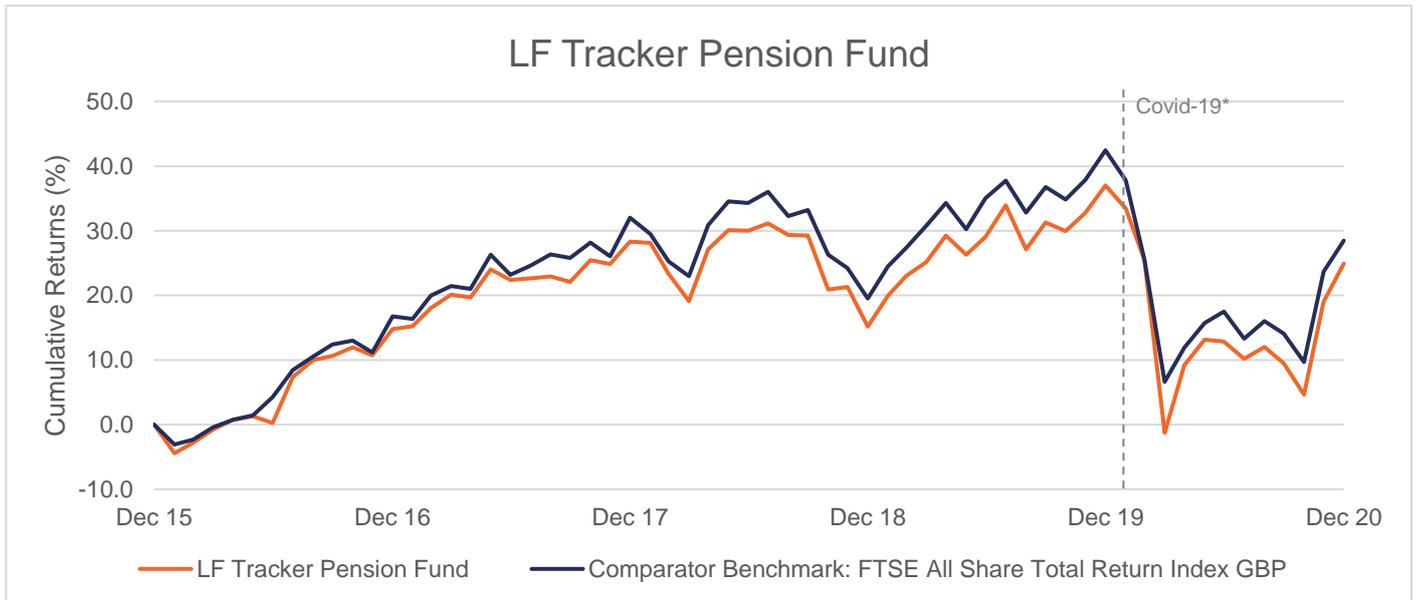
Quality Conclusion



Following our review of the criteria above, we identified the following matters that we believe affected the quality of service during the assessment period. Firstly, the review of the Fund as part of the action agreed in the last value assessment and detailed on page 6 of this report, has taken longer than planned. As a result of this delay the proposed changes to the Fund have not been implemented as quickly as originally anticipated and therefore not all benefits have yet been passed on to investors. In addition, investors' annual statements were, during the period, dispatched outside of the regulatory timeframe allowed. We therefore conclude that the Fund offers some value when assessing Quality and have given the Fund an **Amber** rating. We continue to review our processes and keep investors updated with any changes to the Fund.

Performance

In order to assess Performance, we reviewed the Fund’s performance against its objective and benchmark over the long term (5 years). The graph below shows the cumulative performance of the Fund and the cumulative performance of its Comparator Benchmark over 5 years.



*The first UK cases of Covid-19 were reported on 31 January 2020. In the months that followed markets experienced significant volatility amid fears of a global pandemic.

The table below shows the cumulative performance of the Fund over 1, 3 and 5 years, as well as its relative performance against the Comparator Benchmark. Relative performance is calculated as the Fund’s cumulative return minus the Comparator Benchmark’s cumulative return over the period.

Time Period	Rating	Fund’s Performance over the Time Period **	Fund’s Relative Performance vs Comparator Benchmark **
5 years		24.93%	-3.54%
3 years		-2.66%	0.06%
1 year		-8.82%	1.00%

** Returns are cumulative and net of fees. Past performance is not a guide to future performance.

Performance Conclusion



Following our review, we have concluded that the Fund has been managed in accordance with its investment objective and policy. The Fund has provided positive returns over the long term, in line with its investment objective.

We undertook a review of the Fund during the last 12 months, as outlined on Page 6, and we have identified an alternative underlying fund that the Fund could feed into that in our opinion would be beneficial to unitholders in light of the Fund’s underperformance over the last 5 years. We expect to be writing to investors about

this change sometime in June 2021. In the interim, on 25 March 2021 we switched to a cheaper share class in the current underlying fund that the Fund invests in. This reduces the Fund's costs by 0.30% and this saving is being passed on to investors.

As the Fund provided positive returns over 5 years in line with its objective, despite slightly underperforming against its Comparator Benchmark over that period, and because the Fund outperformed its Comparator Benchmark over the last 1 and 3 years despite providing a negative return, we have given the Fund an **Amber** rating.

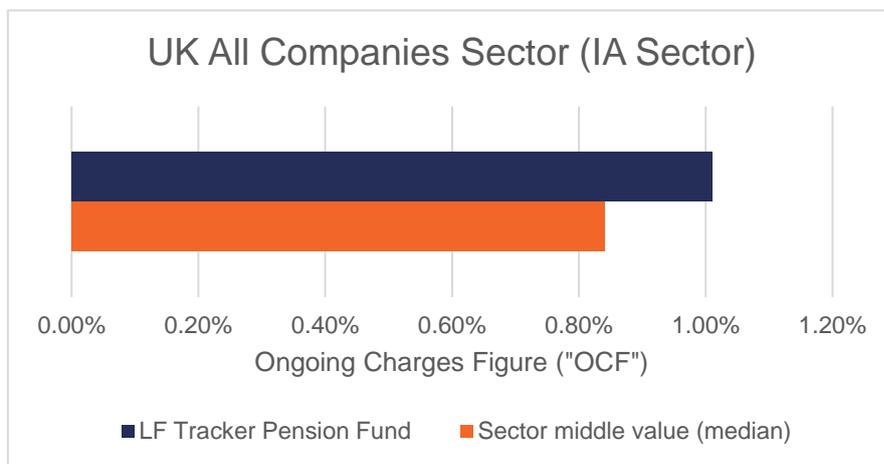
Costs

In order to assess Costs, we reviewed the Ongoing Charges Figure (“OCF”) of the Fund, market competitiveness and investor / share class suitability over the assessment period.

We actively monitor costs charged to the Fund against similar funds, including those operated by us, to ensure that it maintains competitive market rates.

We have reviewed the Fund’s OCF against the IA UK All Companies Sector (the “Sector”). Note: the AMC paid by members includes the costs of administering the Plan, which most funds in its Sector will not incur.

We based our analysis on the Fund’s only share class, the “Accumulation” share class. The OCF of this share class is 1.01%, which is higher than the middle (median) value OCF for Clean share classes of similar funds in the Sector, 0.84%, as shown in the graph below.



- For Economies of Scale:**

We assessed the costs charged to the Fund and have determined that current available benefits, as a result of economies of scale have been passed on to investors. The OCF is fixed at the same level as the Annual Management Charge (“AMC”) of 1.00%. All fees and expenses including the cost of managing the pension scheme are borne by the Manager out of the AMC.

- For Comparable Market Rates:**

We looked at the OCFs of the various share classes of the Fund and compared them against similar funds.

Fund	Annual Management Charge (“AMC”)	Ongoing Charges Figure (“OCF”)¹	Target Market
LF Tracker Pension Fund	1.00%	1.01%	Retail Investors

(1) As detailed in the Annual Report as of 30 September 2020. The Manager has agreed on a discretionary basis, to waive a portion of their fee, to seek to achieve an ongoing charges figure of 1.00%. For the year to 30 September 2020, there was an accounting adjustment resulting in the operating charges figure of 1.01%.

- For Classes of Shares:**

As the Fund only has one share class, meaning all investors pay the same costs, there are no concerns over the appropriateness of share classes offered to investors in the Fund.

Costs Conclusion



Our assessment has shown that the OCF of the Fund's only share class is higher than the middle value (median) of comparable share classes in the Sector. However, the Fund is a passive/index-tracking fund and its costs are significantly higher when compared to other index-tracking funds in the Sector. We have concluded that the current benefits of economies of scale have been passed on to investors as the OCF is currently fixed at the level of the AMC. Based on our review of Costs, we have given the Fund an **Red** rating. We have undertaken a review of the Fund over the last 12 months and as a result of this review, we are proposing to make a number of changes to the Fund by the end of 2021, as outlined on Page 6. In the interim, on 25 March 2021 we switched to a cheaper share class in the current underlying fund that the Fund invests in. This reduces the Fund's costs by 0.30% and this saving is being passed on to investors. Additionally, since 1 January 2021 we have been rebating a portion of our fees back to the Fund to further reduce the costs borne by investors; this is estimated to reduce the Fund's OCF by around 0.09%.

LF Corporate Bond Pension Fund

Executive Summary

- LF Stakeholder Pension Scheme (the “Scheme”) is an authorised unit trust scheme. It is a non-UCITS retail scheme and a Registered Pension Scheme. It is closed to new investors.
- **LF Corporate Bond Pension Fund** (“the Fund”) launched in November 2002, and has a single share class available for investment.
- The Fund is only available to existing members of the Scheme. The AMC paid by members includes the costs of administering the Scheme, which most funds in its Sector will not incur.
- The Fund is a feeder fund. It seeks to achieve its investment objective by investing solely in the shares of a single underlying fund, the L&G (N) Tracker Trust (the “underlying fund”).
- The Fund has underperformed its Comparator Benchmark over the assessment period by -5.09% and over the long term (5 years) by -11.56%.
- The Ongoing Charges Figure (“OCF”) of the Fund is significantly higher than the Sector’s middle value (median).

We have assessed the Fund based on seven key assessment criteria and grouped these into three core categories: Quality, Performance and Cost. Using these assessment criteria, as detailed below, we (as Manager) have sought to establish whether the Fund provides overall value to investors.

Metric	Quality	Performance	Cost
Assessment Criteria	<ul style="list-style-type: none"> • Quality of service 	<ul style="list-style-type: none"> • Investment Objective / Investment Performance 	<ul style="list-style-type: none"> • Overall costs • Economies of scale • Comparable market rates • Comparable services • Classes of shares
LF Corporate Bond Pension Fund			
Underlying Fund Information	The LF Corporate Bond Pension Fund is invested in the L&G Sterling Income Fund where investment management is provided by Legal & General Investment Management Limited. The underlying fund aims to produce a high level of income consistent with long-term preservation of capital in sterling terms.		
Investment Objective	The Fund aims to provide long term capital growth by investing in a single authorised collective investment scheme.		
Comparator Benchmark	IA £ Corporate Bond		
Assets Under Management (“AUM”)	£22.6 million (as at 31 December 2020)		
IA Sector	Unallocated		
	Note: We have used the £ Corporate Bond (the “Sector”) for our costs comparison, as we consider this provides a representative comparison of funds with a similar investment objective.		

Previous Actions Carried Forward: We are reviewing the Fund, the underlying fund it invests in as well as its charging structure and the overall costs paid by investors, as part of a broader review of the Plan. Once complete, we will write to investors in the Fund with full details of any proposed changes to the Fund.

Actions in Progress: The review is now complete and a roadmap outlining the proposed next steps can be found on page 6. We intend to make the changes in two stages later in 2021. Since 1 January 2021 we have been rebating a portion of our fees back to the Fund to reduce the costs borne by investors; this is estimated to reduce the Fund's OCF by around 0.09%.

Conclusion



Based on our assessment, we have given the Fund an **Red** rating which reflects its underperformance against its Comparator Benchmark, its higher costs compared to other similar funds in the Sector. This red rating also reflects, as detailed under the 'Quality' section of this report, that our planned changes to the Funds have taken longer to implement than originally planned.. With this noted we have completed a review of the Fund and the actions in progress are outlined on page 6. We will continue to monitor all aspects of the Fund and the implementation of the changes identified in the review with the aim of ensuring it delivers overall value to investors in the future.

Quality

In order to assess Quality, we reviewed the operation and management of the Fund against agreed service levels. The service provision includes a review of the following key elements:

- The timely and accurate calculation of the Fund's prices and income payments to investors
- Accessibility, accuracy and use of plain language in Fund documentation and investor communications
- Timely and accurate production and distribution of investor statements
- Ensuring trading activities are within Fund guidelines
- The level of, and timely response to, any complaints from investors

Following government advice to work from home during the unprecedented Covid-19 pandemic, there was an impact on some of our usual high quality standards. While we worked to minimise the impact to investors, this particularly affected the months of March and April 2020, where we experienced an increased volume of calls to our customer contact centre. As we and other service providers to the Fund, including the administrator and transfer agent, adapted to working from home, our service levels returned to normal levels.

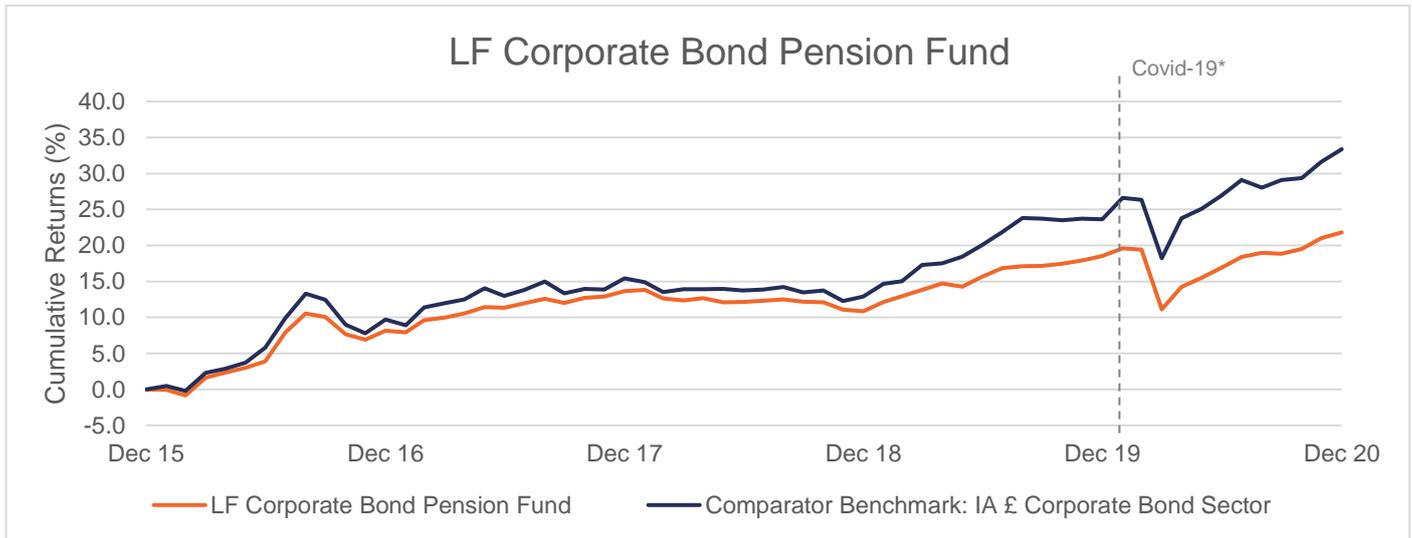
Quality Conclusion



Following our review of the criteria above, we have identified the following matters that we believe affected the quality of service during the assessment period. Firstly, the review of the Fund as part of the action agreed in the last value assessment and detailed on page 6 of this report, has taken longer than anticipated. As a result of this delay the proposed changes to the Fund have not been implemented as quickly as originally planned and therefore not all benefits have yet been passed on to investors. In addition, investors' annual statements were, during the period, dispatched outside of the regulatory timeframe allowed. We therefore conclude that the Fund offers some value when assessing Quality and have given the Fund an **Amber** rating. We continue to review our processes and keep investors updated with any changes to the Fund.

Performance

In order to assess Performance, we reviewed the Fund’s performance against its objective and benchmark over the long term (5 years). The graph below shows the cumulative performance of the Fund and the cumulative performance of its Comparator Benchmark over 5 years.



*The first UK cases of Covid-19 were reported on 31 January 2020. In the months that followed markets experienced significant volatility amid fears of a global pandemic.

The table below shows the cumulative performance of the Fund over 1, 3 and 5 years, as well as its relative performance against the Comparator Benchmark. Relative performance is calculated as the Fund’s cumulative return minus the Comparator Benchmark’s cumulative return over the period.

Time Period	Rating	Fund’s Performance over the Time Period **	Fund’s Relative Performance vs Comparator Benchmark **
5 years		21.82%	-11.56%
3 years		7.19%	-8.35%
1 year		2.78%	-5.09%

** Returns are cumulative and net of fees. Past performance is not a guide to future performance.

Performance Conclusion



Following our review, we have concluded that the Fund has been managed in accordance with its investment objective and policy. The Fund has provided positive returns over the assessment period and over the longer term, in line with its investment objective. However it has underperformed against its Comparator Benchmark over the 1, 3 and 5 year time periods. We undertook a review of the Fund during the last 12 months, as outlined on Page 6, and we have identified an alternative underlying fund that the Fund could feed into that in our opinion would be beneficial to unitholders in light of the Fund’s underperformance over the last 5 years. We expect to be writing to investors about this change sometime in June 2021. Due to the Fund’s underperformance against its Comparator Benchmark over the last 5 years we have given the Fund an **Amber** rating.

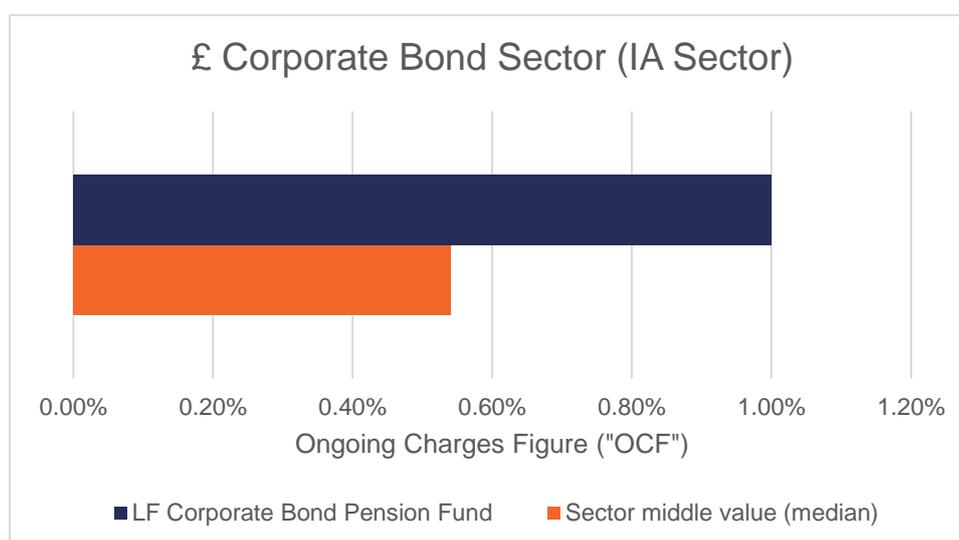
Costs

In order to assess Costs, we reviewed the Ongoing Charges Figure (“OCF”) of the Fund, market competitiveness and investor / share class suitability over the assessment period.

We actively monitor costs charged to the Fund against similar funds, including those operated by us, to ensure that it maintains competitive market rates.

We have reviewed the Fund’s OCF against the IA £ Corporate Bond Sector (the “Sector”). Note: the AMC paid by members includes the costs of administering the Plan, which most funds in its Sector will not incur.

We based our analysis on the Fund’s only share class, the “Accumulation” share class. The OCF of this share class is 1.03%, which is higher than the middle (median) value OCF for Clean share classes of similar funds in the Sector, 0.56%, as shown in the graph below.



- For Economies of Scale:**

We assessed the costs charged to the Fund and have determined that the currently available benefits as a result of economies of scale have been passed on to investors. The OCF is fixed at the same level as the Annual Management Charge (“AMC”) of 1.00%. All fees and expenses including the cost of managing the pension scheme, are borne by the Manager out of the AMC.

- For Comparable Market Rates:**

We looked at the OCFs of the various share classes of the Fund and compared them against similar funds.

Fund	Annual Management Charge (“AMC”)	Ongoing Charges Figure (“OCF”)¹	Target Market
LF Corporate Bond Pension Fund	1.00%	1.03%	Retail Investors

(1) As detailed in the Annual Report as of 30 September 2020. The Manager has agreed on a discretionary basis, to waive a portion of their fee, to seek to achieve an ongoing charges figure of 1.00%. For the year to 30 September 2020, there was an accounting adjustment resulting in the operating charges figure of 1.03%.

- **For Classes of Shares:**

As the Fund only has one share class, meaning all investors pay the same costs, there are no concerns over the appropriateness of share classes offered to investors in the Fund.

Costs Conclusion



Our assessment has shown that the OCF of the Fund's only share class is significantly higher than the middle value (median) of comparable share classes in the Sector. We have concluded that the current benefits of economies of scale have been passed on to investors as the OCF is currently fixed at the level of the AMC. Based on our review of Costs, we have given the Fund a **Red** rating. We have undertaken a review of the Fund over the last 12 months and as a result of this review, we are proposing to make a number of changes to the Fund by the end of 2021, as outlined on Page 6. Additionally, since 1 January 2021 we have been rebating a portion of our fees back to the Fund to reduce the costs borne by investors; this is estimated to reduce the Fund's OCF by around 0.09%.

LF Cash Pension Fund

Executive Summary

- LF Stakeholder Pension Scheme (the “Scheme”) is an authorised unit trust scheme. It is a non-UCITS retail scheme and a Registered Pension Scheme. It is closed to new investors.
- **LF Cash Pension Fund** (“the Fund”) launched in 2001 and has a single share class available for investment.
- The Fund is only available to existing members of the Scheme. The AMC paid by members includes the costs of administering the Scheme, which most funds in its Sector will not incur.
- The Fund is a feeder fund. It seeks to achieve its investment objective by investing solely in the shares of a single underlying collective investment scheme, the LGIM Sterling Liquidity Plus Fund (the “underlying fund”).
- The Fund has outperformed its Comparator Benchmark over the assessment period by +0.09%. However, over the long term (5 years) it has underperformed by -0.95%.
- The Ongoing Charges Figure (“OCF”) of the Fund is lower than the Sector’s middle value (median).

We have assessed the Fund based on seven key assessment criteria and grouped these into three core categories: Quality, Performance and Cost. Using these assessment criteria, as detailed below, we (as Manager) have sought to establish whether the Fund provides overall value to investors.

Metric	Quality	Performance	Cost
Assessment Criteria	<ul style="list-style-type: none"> • Quality of service 	<ul style="list-style-type: none"> • Investment Objective / Investment Performance 	<ul style="list-style-type: none"> • Overall costs • Economies of scale • Comparable market rates • Comparable services • Classes of shares
LF Cash Pension Fund			
Underlying Fund Information	The LF Cash Pension Fund is invested in the LGIM Sterling Liquidity Plus Fund, where investment management is provided by Legal & General Investment Management. The principal investment objective of the underlying fund is to preserve capital and generate income.		
Investment Objective	The Fund aims to provide long term capital growth by investing in a single authorised collective investment scheme.		
Comparator Benchmark	3 Month Sterling LIBOR		
Assets Under Management (“AUM”)	£49.7 million (as at 31 December 2020)		

IA Sector

Unallocated

Note: We have used the Standard Money Market (the "Sector") for our costs comparison, as we consider this provides a representative comparison of funds with a similar investment objective.

Previous Actions Carried Forward: We are reviewing the Fund, the underlying fund it invests in as well as its charging structure and the overall costs paid by investors, as part of a broader review of the Plan. Once complete, we will write to investors in the Fund with full details of any proposed changes to the Fund.

Actions in Progress: The review is now complete and a roadmap outlining the proposed next steps can be found on page 6. We intend to make the changes in two stages later in 2021. Since 1 January 2021 we have been rebating a portion of our fees back to the Fund to reduce the costs borne by investors; this is estimated to reduce the Fund's OCF by around 0.01%.

Conclusion



Based on our assessment, we have given the Fund an **Amber** rating which reflects its underperformance against its Comparator Benchmark and, as detailed under the 'Quality' section of this report, that our planned changes to the Funds have taken longer to implement than originally planned. With this noted we have completed a review of the Fund and the actions in progress are outlined on page 6. We will continue to monitor all aspects of the Fund and the implementation of the changes identified in the review with the aim of ensuring it continues to meet its objective and delivers overall value to investors in the future.

Quality

In order to assess Quality, we reviewed the operation and management of the Fund against agreed service levels. The service provision includes a review of the following key elements:

- The timely and accurate calculation of the Fund's prices and income payments to investors
- Accessibility, accuracy and use of plain language in Fund documentation and investor communications
- Timely and accurate production and distribution of investor statements
- Ensuring trading activities are within Fund guidelines
- The level of, and timely response to, any complaints from investors

Following government advice to work from home during the unprecedented Covid-19 pandemic, there was an impact on some of our usual high quality standards. While we worked to minimise the impact to investors, this particularly affected the months of March and April 2020, where we experienced an increased volume of calls to our customer contact centre. As we and other service providers to the Fund, including the administrator and transfer agent, adapted to working from home, our service levels returned to normal levels.

Quality Conclusion



Following our review of the criteria above, we have identified the following matters that we believe affected the quality of service during the assessment period. Firstly, the review of the Fund as part of the action agreed in the last value assessment and detailed on page 6 of this report, has taken longer than anticipated. As a result of this delay the proposed changes to the Fund have not been implemented as quickly as originally planned and therefore not all benefits have yet been passed on to investors. In addition, investors' annual statements were, during the period, dispatched outside of the regulatory timeframe allowed. We therefore conclude that the Fund offers overall value when assessing Quality and have given the Fund a **Amber** rating. We continue to review our processes and keep investors updated with any changes to the Fund.

Performance

In order to assess Performance, we reviewed the Fund’s performance against its objective and benchmark over the long term (5 years).

The table below shows the cumulative performance of the Fund over 1, 3 and 5 years, as well as its relative performance against the Comparator Benchmark. Relative performance is calculated as the Fund’s cumulative return minus the Comparator Benchmark’s cumulative return over the period.

Time Period	Rating	Fund’s Performance over the Time Period **	Fund’s Relative Performance vs Comparator Benchmark **
5 years		1.81%	-0.95%
3 years		1.36%	-0.51%
1 year		0.39%	0.09%

** Returns are cumulative and net of fees. Past performance is not a guide to future performance.

Performance Conclusion



Following our review, we have concluded that the Fund has been managed in accordance with its investment objective and policy. The Fund has provided positive returns over the assessment period and has outperformed its Comparator Benchmark over the same 12 months. While we will continue to monitor the Fund’s performance, we do not propose to take any action regarding the Fund’s performance. While the Fund has underperformed against its Comparator Benchmark over the last 5 years, due to the Fund’s improved position against its Comparator Benchmark year on year we have given the Fund an **Amber** rating.

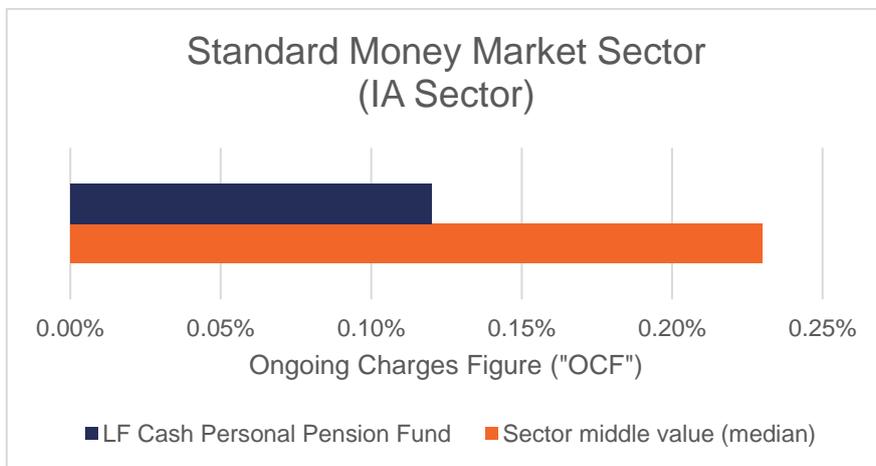
Costs

In order to assess Costs, we reviewed the Ongoing Charges Figure (“OCF”) of the Fund, market competitiveness and investor / share class suitability over the assessment period.

We actively monitor costs charged to the Fund against similar funds, including those operated by us, to ensure that it maintains competitive market rates.

We have reviewed the Fund’s OCF against the IA Standard Money Market Sector (the “Sector”). Note: the AMC paid by members includes the costs of administering the Plan, which most funds in its Sector will not incur.

We based our analysis on the Fund’s only share class, the “Accumulation” share class. The OCF of this share class is 0.12%, which is lower than the middle (median) value OCF for clean share classes of similar funds in the Sector, 0.23%, as shown in the graph below. Please note, the Sector median cost is based on a very small sample of funds in the Standard Money Market Sector.



- For Economies of Scale:**
 We assessed the costs charged to the Fund and have determined that the currently available benefits as a result of economies of scale have been passed on to investors. The OCF is capped at the maximum level of the Annual Management Charge (“AMC”) of 0.33% as detailed in Section 16 of the Prospectus. All fees and expenses including the cost of managing the pension scheme, are borne by the Manager out of the AMC.
- For Comparable Market Rates:**
 We looked at the OCFs of the various share classes of the Fund and compared them against similar funds.

Fund	Annual Management Charge (“AMC”)	Ongoing Charges Figure (“OCF”) ¹	Target Market
LF Cash Pension Fund	A maximum of 0.33%	0.12%	Retail Investors

(1) As detailed in the Annual Report as of 30 September 2020. Effective 11 January 2019, the underlying investment of the Fund changed from Janus Henderson Money Markets Unit Trust to the LGIM Sterling Liquidity Plus Fund, as such the underlying operating charge has also changed. This has caused the decrease in the current year as compared to the prior years.

- For Classes of Shares:**
 As the Fund only has one share class, meaning all investors pay the same costs, there are no concerns over the appropriateness of share classes offered to investors in the Fund.

Costs Conclusion



Our assessment has shown that the OCF of the Fund's only share class is lower than the middle value (median) of comparable share classes in the Sector. We have concluded that the current benefits of economies of scale have been passed on to investors. Based on our review of Costs, we have given the Fund a **Green** rating. Additionally, since 1 January 2021 we have been rebating a portion of our fees back to the Fund to reduce the costs borne by investors; this is estimated to reduce the Fund's OCF by around 0.01%.

Glossary

Annual Management Charge (“AMC”)	An ongoing fee paid to the management company for managing the Fund, usually charged as a percentage of the Fund’s value.
Assets Under Management (“AUM”)	Is the total market value of the investments of a Fund.
“Clean” share class	An unbundled – free of any rebates or intermediary commission – share class freely available through third-party distributors in the retail market.
Cost	<p>Cost is defined by reviewing overall costs, Economies of scale, Comparable market rates, Comparable services, and Classes of shares. The assessment looks at each of the five criteria individually to define value:</p> <ol style="list-style-type: none"> 1. Overall costs: the total ongoing charges of the Fund. 2. Economies of scale: assesses whether any area of savings and benefits from the increase in scale or size in assets under management have been passed onto the investor. 3. Comparable market rates: compares the price charged for investing in the Fund against similar funds. 4. Comparable services: assesses the fair treatment of investors in the Fund. This looks at the investment criteria at share class level within the Fund. 5. Classes of shares: assessing pricing of a share class against those of other share classes within the same Fund, and the points of differentiation of these share classes.
Comparator Benchmark	A benchmark is a standard against which the performance of the Fund can be measured.
Cumulative Return	Shows the aggregated return from an investment over a specific time period.
Feeder Fund	A fund that invests (feeds) directly into a single underlying fund to achieve its investment objective.

IA Sector	<p>As there are numerous funds in the market available from different Managers, the Investment Association (“IA”) provides a list of sectors as a way of dividing these funds into broad groups. Investors can use sectors to compare similar funds’ performance and charges.</p> <p>Standard Money Market: Funds which invest their assets in money market instruments and comply with the definition of a ‘Standard Money Market’ fund set out in the Money Market Fund Regulation - Regulation (EU) 2017/1131(MMFR).</p> <p>Sterling (£) Corporate Bond: Funds which invest at least 80% of their assets in Sterling denominated (or hedged back to Sterling), Triple BBB minus or above corporate bond securities (as measured by Standard & Poors or an equivalent external rating agency). This excludes convertibles, preference shares and permanent interest bearing shares (PIBs).</p> <p>UK All Companies: Funds which invest at least 80% of their assets in UK equities which have a primary objective of achieving capital growth.</p>
Manager	<p>A corporate body and an authorised person given powers and duties under the Financial Conduct Authority regulations to operate a fund, trust or investment company in accordance with regulations.</p>
Ongoing Charge Figures (“OCF”)	<p>A single percentage figure used to show the total annual operating costs taken from the assets of the relevant share class over the year, and based on the figures for the preceding year, including the annual management charge, registration fees, the Trustee’s periodic charge, custody fees, and the Auditor’s fees, but excluding any redemption charge, brokerage charges, taxes or other dealing costs incurred in respect of the Fund’s Scheme Property.</p>
Pension	<p>A pension is a way for an individual to save for their retirement that has special tax arrangements to encourage them to save.</p>
Performance	<p>The profit or loss derived from an investment over a specified time period.</p>
Quality	<p>Quality is defined by reviewing Quality of Service. Quality of Service is the range and quality of services provided to investors.</p>
Retail Investor	<p>Is an individual who purchases shares for their own personal account rather than for an organisation. They also typically trade in much smaller quantities.</p>
Share Class	<p>A fund can have several share classes which can have different characteristics and/or charging structures, reflecting the type of investor that would typically buy them.</p>

Please note that this document is not intended to recommend or to sell an investment and is intended only as a summary. Please refer to the Key Investor Information Document (KIID), Prospectus and Report & Accounts for full details about the specific risks, performance history and other full investment objectives and policies applicable to each fund before investing in a fund. Please remember that the value of investments, and the income from them, can go down as well as up and an investor may get back less than the amount originally invested. Past performance is not a guide to future results. Tax assumptions and reliefs depend upon an investor’s particular circumstances and may change if those circumstances or the law changes. If you invest through a third party provider you are advised to consult directly with them as charges, performance and/or terms and conditions may differ. If you are not sure how the information contained in this document may affect your investment, please contact a professional adviser.