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The Hepworth Building Products Pension Scheme Newsletter

November 2020

Data Protection

The 1 January 2020 valuation is being carried out by the Scheme Actuary, Ben Fisher of XPS Pensions Group, Phoenix House, 1 Station Hill, Reading RG1 1NB who is registered as a Data Controller for the purposes of the Data Protection Act. This registration covers the information processed about you as a member of the Scheme. Your information is used for the purposes of valuing the Scheme's assets and liabilities and will never be shared with any person outside of the XPS Group. The data processed may include information about your health if you make a claim for ill health retirement benefits, but this data will only be used if passed to the Scheme Actuary by the Scheme Trustees. Information will be kept for regulatory purposes to demonstrate the Scheme Actuary's compliance with actuarial practice and regulation.

Message from the Chairman of Trustees

Welcome to the 2020 edition of the Hepworth Building Products Pension Scheme newsletter which provides you with an update on the performance of the Scheme as well as key information and industry highlights relevant to your pension.

During this year, we've all experienced considerable upheaval in our day to day lives due to the Coronavirus outbreak, and we would like to provide some reassurance of the steps we are taking to make sure the Scheme continues to run as normal. As the Scheme is a 'defined benefit' scheme, the amount of the pensions paid to members is not directly affected by the ups and downs of the investment markets. This means that recent turbulence in financial markets will not affect the monthly pension payments made to retired members. In any case, we have continued to work alongside our advisers and administrators to carry out our commitments to members and ensure that the Scheme continues to operate as efficiently as possible. Our administrators have been working from home for a large part of the year (as have many of us) with no material decrease in service levels which is great news.

One of the unfortunate effects of Coronavirus has been the increasing rise in pension scams. The Government has now banned cold calling for pension purposes, so if anyone calls you out of the blue about yours, just hang up – it could be a scam. As this presents a major risk to members of all pension schemes, we have provided some more information about how to spot a potential scam and the additional steps the Trustees have put in place to help protect our members.

Please see page 12 for more guidance.

Every three years, the Scheme Actuary carries out a formal valuation of the Scheme to assess the funding position and interim assessments take place each year in between. The last full actuarial valuation was completed as at 1 January 2017 and we are now in the middle of the 1 January 2020 valuation. Positive discussions have taken place between the Trustees and Wavin Limited ('the Company'). As we have a statutory 15 month period to complete this valuation, we will share the results in next year's newsletter.

In this edition we cover:

- *Financial highlights*
- *Membership changes over the year*
- *A report on investments*
- *Your pension benefit options*
- *Latest pensions news*
- *2019 Summary Funding Statement*

We hope you enjoy reading your 2020 Trustees' Newsletter and that it helps you stay up to date with your pension and the Scheme. If there are any items that you would like to see covered in future issues, please let us know using the contact details on page 16.

**Ian Davies - Chair
For and behalf of the Hepworth
Building Products Pension
Scheme Trustees**

Who's looking after your benefits?

The assets of the Scheme are held in trust for the benefit of members and the Scheme is managed and administered by the Trustees of the Scheme, in accordance with the Scheme Rules and relevant legislation.

The Trustee Board consists of three Trustees. One Trustee is nominated by members and two are appointed by the Company including the The Chairman. The Scheme's current Trustees are:



Ian Davies (Hudson Trustees Limited)
Chairman, Company Appointed Trustee



Henk Meijerink
Company Appointed Trustee



Andrew Gregory
Member Nominated Trustee

Trustees' Advisers

The Trustees have delegated certain tasks to specialised professional advisors whose performance is regularly monitored by the Trustees. The Trustees' current advisors are:

Actuary:

Mr Ben Fisher

XPS Pensions Group

Auditor:

Ernst and Young LLP

Scheme Administrator:

XPS Pensions Group

Phoenix House, 1 Station Hill
Reading RG11NB

Investment Consultants:

XPS Investment Limited

Investment Managers:

BMO Global Asset Management

BlackRock Investment Management
(until 21 June 2019)

Fidelity International
(until 21 June 2019)

Majedie Asset Management
(until 25 June 2019)

M&G investments

Newton Management Limited

(until 25 June 2019)

Partners Group

Payden and Rygel Investment Management

Ruffer LLP

Stepstone Group

Columbia Threadneedle Investments

(from 16 April 2019)

Financial Highlights

The following is a summary of the most recent audited accounts for the period ending 31 December 2019.

A copy of the full report and accounts is available on request from the administrators (their details are on page 16 of this newsletter).

Assets at 31 December 2018		£25.98m
+	Employer contributions	£1.92m
+	Investment income	£0.22m
+	Change in market value of investments	£3.07m
Total paid in		+ £5.21m
-	Benefits paid or payable	£0.98m
-	Transfers out	£0.22m
-	Investment management expenses	£0.08m
-	Administrative expenses & other payments	£0.33m
Total paid out		- £1.61m
Assets at 31 December 2019		£29.58m

Membership Statistics

	2019	2018
In service deferred members	145	159
Deferred pensioners	183	189
Pensioners	276	260

Financial Highlights

	1 Year %		3 Years %		Allocation %
	Fund	Target	Fund	Target	31/12/19
Matching Assets:					33.9
BMO Equity-Linked Nominal Dynamic LDI*	53.5	54.5	n/a	n/a	2.4
BMO Equity-Linked Real Dynamic LDI	37.9	40.2	13.6	16.0	20.4
BMO Nominal Dynamic LDI	31.1	33.3	10.7	13.0	11.1
BMO Sterling Liquidity	0.7	0.6	0.4	0.4	0.0
Growth Assets:					83.1
BMO Diversified Growth	4.1	4.7	2.1	4.6	5.5
Ruffer Absolute Return	8.5	7.0	0.8	0.7	14.7
M&G Alpha Opportunities	6.7	3.7	3.1	3.5	4.1
Payden & Rygel Absolute Return Bond	4.0	3.7	1.5	3.5	5.2
Partners Group Partners Fund SICAV	13.6	8.0	7.9	8.0	10.6
StepStone Real Estate**	n/a	n/a	n/a	n/a	11.5
Threadneedle Dynamic Real Return*	n/a	n/a	n/a	n/a	14.5

	1 Year %		3 Years %		Allocation %
	Fund	Target	Fund	Target	31/12/19
Total Scheme	10.7	12.6	3.8	7.9	100

* performance information not disclosed as investment not held by the Scheme over the whole period of time

** The returns for Stepstone are not readily available due to the nature of the investments held although the Trustees review the performance of the fund on a quarterly basis.

Employer Related Investments

There were no employer related investments during the year.

How have the investments performed?

The opposite table does not show any investments that were disposed of during the year ended 31 December 2019. The Scheme's current investment managers are regularly monitored to ensure that they continue to meet the objectives of the Scheme.

The returns for Stepstone are not readily available due to the nature of the investments held although the Trustees review the performance of the fund on a quarterly basis.

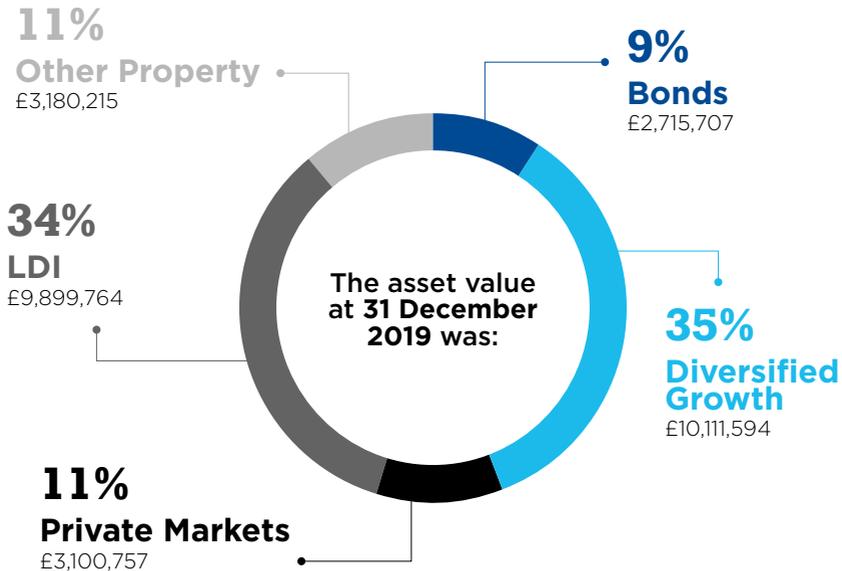
The Scheme's investment consultants, XPS Investment Limited, assess ongoing market and economic trends and report to the Trustees on the Scheme's performance against each benchmark every 3 months. The ongoing review of investments remains a priority for the Trustees.

Investment Strategy

Following advice from XPS Investment Limited, the Trustees have agreed an appropriate investment strategy for the Scheme.

The investment strategy has been set taking into account a number of factors including the profile and value of the Scheme's assets and liabilities, the strength of the Company's covenant and the long-term funding objectives agreed with the Employer. The Trustees intend to achieve their objectives through investing in a diversified portfolio of return seeking assets (e.g. equities) and liability matching assets (e.g. bonds and cash).

The Trustees recognise that the return on return seeking assets, whilst expected to be greater over the long-term than that on liability matching assets, is likely to be more volatile. A mixture across asset classes should nevertheless provide the level of returns required by the Scheme to meet its liabilities at an acceptable level of risk (of underperforming the liabilities) for the Trustees. The value of assets at 31 December 2019 was:



As at 31 December 2019, the Scheme has held investments in pooled investment vehicles, operated by seven different investment managers, BMO Global Asset Management, Columbia Threadneedle, M&G Investments, Ruffer LLP, Stepstone Group, Partners Group and Payden & Rygel Investment Management.

Statement of Investment Principles

The Statement of Investment Principles (SIP) describes the investment policy of the Trustees of the Scheme and is issued by the Trustees to comply with legislation.

The Trustees review their SIP and their investment policy regularly and must review it at least every three years or as otherwise required by legislation. The Trustees also review their SIP in response to any material changes to any aspect of the Scheme, its liabilities, finances and attitude to risk of either the Trustees or Principal Employer which they judge to have a bearing

on their investment policy. Details of the Trustees' overall investment policy, investment objectives and current strategy are included in the Statement of Investment Principles, a copy of which can be obtained via XPS Bridge (see page 13) or on written request from the Scheme Administrators (see contact details on page 16).

Environmental, Social and Corporate Governance (ESG)

In September 2018, the Department for Work and Pensions (DWP) issued its response to the consultation on changes to the investment regulations for occupational pension schemes.

This confirmed the need for trustees to update their Statement of Investment Principles (SIP) by October 2019 to explain how they account for stewardship and financially material considerations including, but not limited to, environmental, social and governance (ESG) issues.

The Hepworth Trustees have considered their approach to environmental, social and corporate governance

("ESG") factors and believe there can be financially material risks relating to them. During 2020, additional details were required to be included within the SIP in relation to voting and how the investment managers are incentivised to align their investment strategy with the Trustees' policies and ensure decisions are based on long term performance.

Your pension benefit options

The Trustees wish to remind you of the options available to you under the Scheme and the freedom and flexibility options introduced by the Government on 6 April 2015:

- *Retire from the Scheme with a full Defined Benefit Pension;*
- *Retire from the Scheme with a lower pension and a tax free cash lump sum;*
- *Take a transfer value in respect of your Defined Benefits from the Scheme (including any Additional Voluntary Contributions) to another pension arrangement.*

Examples of such an arrangement include the Company's existing defined contribution (DC) pension scheme known as the Wavin Pension Trust and any other registered pension

arrangement of your choice which provides either defined benefits or defined contribution benefits and which is willing to accept a transfer. Please note if the value of your Defined Benefits in the Scheme are over £30,000, you are legally required to seek independent financial advice before you are able to transfer your benefits out of the Scheme to a defined contribution arrangement.

You are entitled to receive one transfer value quotation and two retirement quotations in a 12 month period, free of charge. Further retirement quotations will be processed subject to a charge.

Defined Contribution Flexibility Options

If you transfer your Defined Benefits from the Scheme to another arrangement which offers the new Defined Contribution flexibility options, you will have the following options:

- *Taking the whole fund as a cash lump sum or a series of lump sums with up to 25% as tax free cash, and the remainder taxed as income;*
- *Purchase a different type of pension (known as an annuity) such as a flexible or a fixed term, rather than a lifetime annuity. You would still have the option to receive 25% as tax free cash with the reduced pension taxed as income;*
- *Taking Flexible Drawdown – leave your fund invested but taking as much or as little from your fund as and when you need it. This would allow you to take the 25% tax free cash first and then receive a series of payments that would be taxed as income.*

These flexibilities not only introduce greater choice than before, but they also bring an increased complexity and have wider tax implications for retirement funds.

Further information

Whilst these options are intended to offer greater flexibility for individuals at retirement, we recommend that you take **Independent Financial Advice from a registered Advisor (IFA)** before making any decisions regarding your pension benefits.

Therefore, it is important to understand how any choices you make now could affect your income in retirement. You can find an IFA in your area by visiting www.unbiased.co.uk. You should pay particular attention to the section overleaf on bogus or pension scams.

The Government has a pension guidance service called 'Pension Wise'. If you are age 50 or over, and have a defined contribution pension, Pension Wise will offer you free and impartial advice from specialists at The Pensions Advisory Service and Citizens Advice, to help you understand what your pension choices are and how they work. For more information please visit:

www.pensionwise.gov.uk



Be alert for pension scams

A study by Canada Life found that 5.2 million people in the UK had fallen victim to, or knew someone who had been deceived by, a financial scam since the beginning of the Coronavirus pandemic.

The research found that one in five of these victims had been targeted by a pension scammer. These scams often include fraudulent links and/or may ask you to call a phone number. Some scam emails are designed to look very realistic.

ActionFraud, the UK's national fraud and cyber-crime reporting centre, have confirmed that only a very small number of pension scams get formally reported and in fact, a large majority of the scams that have occurred will remain undetected for years to come as often it is only when a member comes to retire that they realise they have been a victim of a scam.

If you ask to transfer your Wavin pension benefits out of the Scheme, the Trustees have arranged the XPS Pension Scams Identification team to call you to discuss your decision and ask some specific questions to help protect you from being subject to a pensions scam.

Here are some top tips to help you spot scams:

- *Watch out for phrases like 'one-off investment opportunities', 'free pension reviews', 'legal loopholes', 'cash bonus', 'government endorsement'.*
- *Be cautious of unsolicited contact from cold callers, website pop-ups or someone calling door-to-door offering services such as a 'free pension review' or claiming to be from The Pension Advisory Service (TPAS). TPAS would never cold call or doorstep people.*
- *Be wary of overseas investments in unusual industries which promise high returns.*
- *Always make sure you are provided with all the relevant documentation and are not pressurised to speed up the transfer of your money from the Scheme.*

The Trustees recommend that you check all facts before you make an irreversible decision to transfer. A lifetime's savings can be lost in a moment. Please take time to visit the Pensions Regulator's website at: www.thepensionsregulator.gov.uk/pension-scams to find out more and who to contact if you think you have been targeted. In addition to the Pensions Regulator's website, information on scams can be found on XPS Bridge (see page 13).

Your new Scheme website

In September 2020, the Trustees launched a brand-new online platform in which members can access important Scheme related documents and keep up to date on recent developments within the Hepworth Building Products Pension Scheme.

XPS Bridge will allow you to access the most up to date Scheme developments and it is a resource that can enable you to build up knowledge and understanding of your benefits. At this time only the Statement of Investment Principles and information on scams

is included but going forward, the Trustees will be using this website to keep you up to date with the latest information and Scheme documents. XPS Bridge can be found at the following website:

www.mypension.com/hepworth



Summary Funding Statement

This Summary Funding Statement gives you an update on the funding position since the last valuation by the Scheme Actuary as at 1 January 2017 and funding level agreed between the Company and Trustees.

The latest Actuarial Valuation

To determine how much money the Scheme requires from the Company, the Trustees obtain full valuations once every three years from the Scheme Actuary, Ben Fisher. There is a full valuation as at 1 January 2020 underway at the moment, but it has not yet been completed. As a result, this statement contains similar information to the 2019 statement. The results of the 1 January 2020 valuation will be communicated in the 2021 Summary Funding Statement.

The most recently completed actuarial valuation of the Scheme was carried out as at 1 January 2017. The funding position at this date, which assumed that the Scheme would continue to operate as a going concern and would not be wound up, was as follows:



The value of Scheme liabilities (the 'Technical Provisions') represented the Trustees' estimate of the sum required at the date of valuation to meet all future benefit payments due to members.

Funding the Scheme

With the aim of removing the funding shortfall the Trustees and the Company agreed that additional Company contributions will be paid to the Scheme. The Company agreed to contribute an amount of £1,860,000 per annum between 1 January 2019 and 31 December 2026. The contributions include an allowance for administration expenses and levies.

The Pensions Regulator

In certain circumstances the Pensions Regulator can direct how the Scheme's Technical Provisions must be calculated, set the period for eliminating any funding shortfall or specify the level of Company contributions to be paid, rather than leaving these issues to be determined by the Trustees. No such circumstances have arisen in the Scheme.

What is this statement for?

The Trustees are required to provide you with this statement giving you an update about the Scheme's financial security. We hope you find it useful and easy to understand, but if you have any questions please contact the Scheme Administrators (contact details given on page 16).

More up-to-date information

The most recent annual update of the funding position of the Scheme was carried out as at 1 January 2019, using approximation methods. The funding position at this date, which assumed that the Scheme would continue to operate as a going concern and would not be wound up, was as follows:



The above results show that the Scheme's funding position had deteriorated slightly since the valuation date. The main reason for this deterioration was an unfavourable movement in gilt yields which served to increase the value placed on liabilities. However, this was partially offset by Company contributions in relation to the Scheme's recovery plan and a decrease in expected future price inflation.

Winding up

Legislation requires that as part of the actuarial valuation, the Scheme Actuary must assess the funding position of the Scheme assuming it had been wound up as at 1 January 2017. The following figures summarise the position at that date, assuming that the Scheme had wound up (see below).

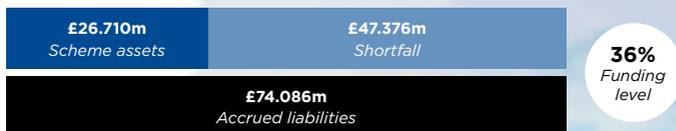
The shortfall is an estimate of the additional sum that would have been required from the Company to ensure that all members' benefits could have been paid in full had the Scheme wound up on 1 January 2017. Providing 'winding up' information is a formal legal requirement and does not imply that the Company is considering winding-up the Scheme.

Payments to the Company

There has not been any payment to the Company out of Scheme funds since the date of the last Summary Funding Statement.

Winding up figures

Funding position of the Scheme assuming it had been wound up as at 1 January 2017



Changes to personal circumstances

If the Trustees do not have your up to date personal details, there may be a delay in payment of retirement or dependant's benefits. Please help the Trustees by keeping the following personal details up to date:

Address

Please remember to tell us about any change of address so that you can continue to receive important information about your benefits under the Scheme. It is your responsibility to ensure that such details are correct. You can do this by contacting the Scheme Administrators (details are provided below).

Nomination of Beneficiary Form

We would like to remind you that the Scheme can provide important benefits to your family in the event of your death. If you have not yet completed a Nomination of Beneficiary Form to give the Trustees an indication of how you would like these benefits to be allocated in the event that they become payable, please can you complete a form and return it to XPS. Forms can be obtained from the administration team address shown to the right. These forms are confidential and kept by the Scheme Administrators, XPS Pensions Group.

Internal Resolute Dispute Policy (IDRP)

The Trustees have reviewed the policy that was in place and decided that it would be more efficient to reduce the two-stage process to a single stage process. So in the event of you having a complaint that you wish to lodge formally with the Trustees you should contact the Trustees c/o XPS Pensions at Phoenix House, 1 Station Hill, Reading RG1 1NB. Your complaint will be considered by the Trustees in the same way as the existing process. You may also obtain a copy of the full procedure from the same address.

Where can I get more information?

If you would like more information about the Scheme please contact:

Wavin Administration Team
(Hepworth)
XPS Pensions Group
Phoenix House
1 Station Hill
Reading
RG1 1NB

0118 918 5571

hepworthbuildingprod@xpsgroup.com



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