

Hargreave Hale Limited Staff Pension Scheme

Chair Statement 2022

Current Status

The Employer (Canaccord Genuity Wealth Limited (CGWL), which is part of the group that took over Hargreave Hale Limited in September 2017) has announced its intention to wind up the scheme and is currently in consultation with members about their future benefits. This consultation is due to end on 31st July. Until then the future of the scheme is uncertain.

Due to conflicts between their senior management roles at CGWL and their positions as Trustees of this scheme, two of the Trustees resigned at the end of April. We would like to thank Stuart Brookes and Paul Sherwood for all their hard work over the years. I have offered to act as Chairman and will be assisted by the two other continuing Trustees, Jane Vause (Secretary) and Andrzej Gontarewicz (Treasurer). Due to the Employer's announcement, we do not intend to appoint any new trustees at this time.

The Trustees have appointed Gowlings solicitors and John Fleming pension advisors to provide technical support.

The Trustees will reconsider the future position of the scheme once we have been informed of the outcome of the consultation.

Governance

Governance requirements apply to defined contribution ("DC") pension arrangements, to help members achieve a good outcome from their pension savings. The Trustees of the Hargreave Hale Staff Pension Scheme are required to produce a yearly statement (which is signed by the Chair of Trustees) to describe how these governance requirements have been met in relation to: the investment options in which members' funds are invested (this means the default arrangement), the requirements for processing financial transactions; the charges and transaction costs borne by members; a 'value for members' assessment; and Trustee knowledge and understanding. This statement covers the period from 1st May 2021 to 30 April 2022.

Default Investment Arrangement

The scheme is used as a Qualifying Scheme for auto-enrolment. Members are auto enrolled into the Hargreave Hale Staff Pension Scheme (the default arrangement) when they join.

At present, the scheme consists of one fund, which is a professionally managed portfolio of investments, with members having no alternative investment opportunities.

The Statement of Investment Principles were reviewed during the year and no changes were considered necessary.

The Investments remain consistent with the aims and objectives of the scheme.

As stated above, the future of the scheme is currently uncertain, until there is some clarity, the Trustees will continue to invest the members' funds because, we believe, this is what our members expected then they joined the scheme. Obviously, this exposes member benefits to market volatility but until

there is some clarity, the Trustees will continue with the existing investment strategy. The Trustees do not believe it is feasible to predict market movements over the short term.

Financial Transactions and Administration

All administration for the scheme remains inhouse, queries and any transfers are dealt with by Jane Vause. There were no administrative issues during the year. We have seen that the Employer has paid contributions into the fund in a timely manner and transfers has also been processed efficiently.

The scheme was audited by Azets. The Financial Statements prepared to 30 April 2021 were signed off in June 2022. This is later than we would like and beyond the required deadline, partly due to circumstances beyond our control. We are determined that the 30 April 2022 financial statements will be approved earlier.

Charges

The Trustees are required to set out the on-going charges borne by members in this statement. The scheme continues to charge no costs to the members and all charges are met by the Employer.

The Trustees are also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Scheme's fund managers buy and sell assets within investment funds. Again, there are no transaction costs deducted from the Scheme.

The only deductions are the commission charges which are the minimum amount.

Trustee Knowledge and Understanding

The law requires the Trustee Board to possess, or have access to, sufficient knowledge and understanding to run the Scheme effectively.

The Trustees include the Head Compliance Monitoring, a Settlement Supervisor, and a member of the Finance team. The Settlement Supervisor has extensive experience in pension regulation and administration. She has completed the Trustee Toolkit and the reviews made available by the Pensions Regulator. As a result of the experience and technical knowledge of the Trustees individually and collectively as a Board and considering the professional advice available to the Trustees, I am confident that the combined knowledge and understanding of the Board enables us to exercise properly our functions as the Trustees of the Scheme.

The scheme's legal advisers have recently reviewed the formal documentation including the scheme rules and trust deed and will advise the Trustees if any changes are needed.

Investment Performance

The Trustees have access to information relating to the performance of the investment portfolio through the Employers Avaloq system. The Trustees are satisfied with the performance of the portfolio. It has produced an annualised cumulative return of 5.37% over the three years to 30 April 2022, it has only slightly under performed its benchmark over (17.02% v 20.3%) whilst being significantly less volatile (10.36 v 11.9) – source: Avaloq.

Statement of Investment Principles as at 24.09.21

The trustees have reviewed the revised Statement of Investment Principles replaces the SIP dated 24 September 2021 and decided that no further amendments are required.

The Trustees are committed to preserving the value of the pension fund by balancing the requirements for both growth and income, whilst limiting exposure to high-risk investments.

The Trustees have agreed that the Investment Principles of the Pension Fund should comprise a balance between equity and bonds to diversify risk. In principle the split should be 70% equities, 30% cash and fixed interest. This will enable the Trustees to retain cash or liquid investments for transfer and retirement requests to be processed.

The Trustees appointed Richard Pollitzer of Canaccord Genuity Wealth Limited to manage the investment portfolio for the pension scheme on a discretionary basis.

The aim is to balance capital growth and income, for a long-term view.

The trustees have agreed a medium risk investment strategy (risk score of 6 on the CGWL scale). The risk score is monitored and maintained using Beta Risk. The portfolio structure and holdings are monitored by the Performance Monitoring and Measurement Committee in light of CGWL approved lists and structures.

Signed: 

4 July 2022

David Clueit – Chair of Trustees