

BELFAST HARBOUR COMMISSIONERS' PENSION SCHEME

Part 2: Chair's Statement (DC Section)

The Chair's annual statement regarding governance

As Chair of the Trustee, I am pleased to present the Trustee's statement of governance, covering the period 1 January 2023 to 31 December 2023. This Statement describes how the Trustee seeks to ensure that the DC section (consisting of the Defined Contribution and Defined Contribution Auto-Enrolment sections) of the Belfast Harbour Commissioners Pension Scheme (the 'Scheme') is well-managed and delivers excellent services to members. The Statement examines five key areas of the Trustee's governance, namely:

- The investment strategy relating to the Scheme's DC default arrangement;
- The processing of core financial transactions;
- Charges and transaction costs within the Scheme, including the disclosures for the impact of costs and charges;
- Net returns on Investments;
- The Trustee's compliance with the statutory knowledge and understanding requirements.

In doing so, we provide the various statutory disclosures required by the Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015.

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment No.2) Regulations (Northern Ireland) 2024 introduced a new requirement for the Trustee to report performance-based fees (often associated with illiquid assets) incurred in relation to each default arrangement, as a percentage of the average value of the assets held by that default arrangement in the Chair's Statement. As there are no performance-based fees relating to the default arrangement in the Scheme, no additional disclosures have been included in this Statement. These regulations also introduced a requirement to set out the percentage of assets allocated to specified asset classes within the default arrangement. This is set out later in this Statement.

The default arrangement

The current default arrangement for the Scheme is a target date investment strategy, which is designed for members targeting income drawdown at retirement; it does this through investing in BlackRock's LifePath Flexi Fund range. The investment strategies for the LifePath Flexi Fund range automatically adjusts as a member progresses through their life, before reaching maturity in line with a member's chosen target retirement date (or normal retirement date where no choice is made). The growth phase structure invests in equities and other growth-seeking assets. These investments are expected to provide long-term growth with some downside risk protection and some protection against inflation erosion. Exposure to growth assets is gradually reduced by introducing a variety of gilts, corporate bonds and other fixed income assets, as defensive assets, from 35 years before retirement. At the selected retirement date, broadly 40% of members' assets will be invested in growth assets (primarily equities with a small allocation to commodities), with the remaining funds invested in the defensive assets.

The latest copy of the Statement of Investment Principles (the 'SIP') prepared for the Scheme in compliance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 (Northern Ireland) is appended. This covers our aims and objectives in relation to the default investment arrangement as well as Trustee's policies in relation to matters such as risk and diversification. Additionally, it states why the Trustee believes the default investment arrangement is designed in members' best interests. This Statement will be published online at <https://www.belfast-harbour.co.uk/publications> and this publicly available website will be signposted in the annual benefit statement.

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The Trustee will continue to monitor the suitability of the default strategy and self-select investment options and it will be reviewed every three years or sooner, if necessary, for example if there are significant changes in the Scheme's demographic profile. In addition, regular performance-based reviews are undertaken on a quarterly basis.

The Trustee last formally reviewed the investment strategy and performance of the default arrangement at the Trustee meetings held on the 2 September 2022 and 29 November 2022. The exercise covered a review of the aims and objectives of the default arrangement and how the default had been performing against them. The review concluded that the current default arrangement remains suitable as it continues to be a high-quality investment strategy that exhibits a good level of diversification. The Trustee, by considering member demographics and industry trends, also concluded that targeting drawdown at retirement remains suitable. The Trustee also reviewed the self-select fund range and concluded that following the implementation of the Aegon LGIM Future World Global Equity Fund in January 2022, it offers a well-diversified range of options to members.

Core financial transactions

The Trustee recognises that delay and error can cause significant losses for members. They can also cause members to lose faith in the Scheme, which may in turn reduce their propensity to save and impair future outcomes. Therefore, the Trustee operates measures and controls aimed at ensuring that all financial transactions (such as benefit payments and switches between funds) are processed promptly and accurately.

Core financial transactions include:

- Investment of contributions paid to the Scheme;
- Transfer of members' assets into and out of the Scheme;
- Transfers of members' assets between different investment options available in the Scheme; and
- Payments from the Scheme to or in respect of members.

The Trustee has appointed professional administrators and has delegated the day to day running of the Scheme, but the Trustee is aware that the responsibility of the running of the Scheme remains with them and they have implemented adequate internal controls, which are reviewed periodically. Core financial transactions have been processed promptly and accurately during the year as a result of the following actions:

- The Schedule of Contributions sets out timescales for the Company to remit monthly contributions to the Scheme. Contributions were paid in line with this schedule during the year apart from contributions relating to a week in early September 2023 when contributions were deducted but were not paid across to Aegon in error. However, the Company took corrective action and invested these contributions in January 2024. Members were also compensated for any losses in performance. Members were communicated with at the time.
- Having in place Service Level Agreements (SLAs) with the administrator, Aegon, which cover all core administration processes including changing of member details, payments in and out of the Scheme, retirement processes and investment switch requests.
- These standards are monitored and reviewed by the Trustee via quarterly administration reports from Aegon. The Trustee is committed to monitoring service to ensure that members receive service in line with expectations.

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- The reports detail when the contributions are received and invested along with details of transfers in/out of the Scheme.
- Over the course of 2023, performance of the core financial transactions against SLAs has improved (averaging 100% for the year compared to 85% in 2022) and was above the target SLA of 95%. The Trustee, together with the Company, will continue to monitor SLA performance and challenge where necessary.
- The administrator provides an AAF audit report each year which helps the Trustee understand the effectiveness of the administrator's internal controls and how they intend to address any weaknesses. The AAF audit report to the year end 30 September 2023 was received by the Trustee in May 2024 alongside a 'bridge letter' covering the period to 31 March 2024 confirming the control environment set out in the AAF audit report to 30 September 2023 had not materially changed and that to the best of Aegon's knowledge, the 2023 report "continues to provide a substantially accurate description of the Pension Administration Services and related internal controls". The Trustee plans to review this report in due course and challenge Aegon on any issues raised.
- The Company checks that details of the correct contributions have been uploaded onto the Aegon website each month by checking this against payroll and performing a reconciliation. As noted above, there was an issue with contributions collected for a week in early September 2023, which has since been rectified. There were no other material issues with this process during the year.
- Ensuring that a detailed disaster recovery plan is in place for Aegon, parts of which are disclosed in the AAF internal controls report.
- A professional firm, Deloitte LLP, was appointed in 2020 to undertake an annual audit as part of the Scheme's report and accounts. An internal audit is normally carried out triennially. The last internal audit was undertaken in June 2024 and no issues were identified.

Utmost Life & Pensions from 1 January 2020 (formerly with Equitable Life)

- The AVCs held with Utmost Life & Pensions in the Scheme is a closed arrangement, meaning no contributions are paid into the funds. The final member with Utmost AVC's disinvested during the Scheme year and, as such, no Utmost AVC assets remain in the Scheme at Scheme year end.

With the exception of the issues noted, based on the above, the Trustee is satisfied that the Scheme's core financial transactions have been processed promptly and accurately during the period to which this Statement relates.

Charges and transactions costs

The Trustee is required to report on all charges and, to the extent that they are known, transaction costs deducted from members funds. They must also report on their assessment of the extent to which these costs represent good value for members.

The charges deducted from members' funds are categorised as follows:

- Annual management charge ('AMC') - this is essentially the charge paid to the fund manager for managing the fund. It is expressed as a percentage of the fund's assets. As the Scheme is a bundled arrangement with Aegon, this charge also includes administration, the investment/administrative platform and member communications.

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- Total expenses ratio ('TER') - this is also expressed as a percentage of the fund and consists principally of the AMC, but also includes the costs for other services paid for by the investment manager, such as the legal costs, registration fees and custodian fees.

All members are charged the same AMC and TER. However, the Company pays the AMC on behalf of active members. The difference between this charge and the TER is deducted from active members' funds. Deferred members pay the full TER from their funds.

The charges and transaction costs applicable for the year to 31 December 2023 are shown in the table below (these have been provided by Aegon). Transaction costs are expenses associated with the investment manager trading a fund's underlying securities, including commissions and stamp duty.

Fund	Active members		Deferred members		Transaction costs
	AMC	TER	AMC	TER	
LifePath Target Date Fund Range (Flexi * / Retirement/ Capital)	0.00%	0.00%	0.41%	0.41%	Varies for all LifePath funds. The transaction costs for the LifePath funds are listed in the table below.
LifePath Flexi	0.00%	0.00%	0.41%	0.41%	
LifePath Retirement	0.00%	0.00%	0.41%	0.41%	-
LifePath Capital	0.00%	0.03%	0.43%	0.43%	-
Aegon BlackRock DC Aquila UK Equity Index	0.00%	0.01%	0.35%	0.36%	0.08%
Aegon BlackRock DC Aquila World (ex UK) Equity Index	0.00%	0.01%	0.35%	0.36%	0.01%
Aegon LGIM Future World Global Equity	0.00%	0.01%	0.51%	0.52%	0.02%
Aegon BlackRock DC Aquila Emerging Markets Equity Index	0.00%	0.08%	0.43%	0.51%	0.00%
Aegon BlackRock DC Aquila Corporate Bond All Stocks Index	0.00%	0.01%	0.35%	0.36%	0.05%
Aegon BlackRock DC Diversified Growth	0.00%	0.06%	0.55%	0.61%	0.41%
Aegon BlackRock DC Property	0.00%	0.01%	0.98%	0.99%	0.07%
Aegon BlackRock DC Cash	0.00%	0.03%	0.35%	0.38%	0.02%

Source: Aegon as at 31/12/2023.

*Current default arrangement.

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The transaction costs for the funds in the LifePath Retirement, Capital and Flexi ranges are as follows:

Fund	Total transaction costs (%)	Fund	Total transaction costs (%)
LifePath Retirement 2058-2060	0.07%	LifePath Flexi 2046-2048	0.06%
LifePath Retirement 2049-2051	0.05%	LifePath Flexi 2043-2045	0.06%
LifePath Retirement 2043-2045	0.06%	LifePath Flexi 2040-2042	0.07%
LifePath Retirement 2037-2039	0.06%	LifePath Flexi 2037-2039	0.06%
LifePath Retirement 2034-2036	0.06%	LifePath Flexi 2034-2036	0.06%
LifePath Retirement 2028-2030	0.07%	LifePath Flexi 2031-2033	0.06%
LifePath Flexi 2064-2066	0.07%	LifePath Flexi 2028-2030	0.06%
LifePath Flexi 2061-2063	0.07%	LifePath Flexi 2025-2027	0.06%
LifePath Flexi 2058-2060	0.07%	LifePath Flexi 2022-2024	0.05%
LifePath Flexi 2055-2057	0.05%	LifePath Capital 2025-2027	0.04%
LifePath Flexi 2052-2054	0.06%	LifePath Capital 2022-2024	0.02%
LifePath Flexi 2049-2051	0.05%		

Source: Aegon as at 31/12/2023. LifePath funds where no assets are invested have been excluded.

The Trustee notes a number of challenges in assessing transaction costs:

- No industry-wide benchmarks for transaction costs exist,
- The methodology leads to some curious results, most notably “negative” transaction costs ,
- Transaction costs are already taken into account when investment returns are reported, so any assessment must also be mindful of the return side of the costs.

The Trustee will continue to request and monitor transaction costs and monitor developments in assessing such costs for value.

AVCs with Utmost

At Scheme year end there were no AVC assets with Utmost. However, one member was invested during the Scheme year. For completeness, the charges and transaction costs for Utmost's fund applicable to the whole Scheme year are shown below.

Fund Name	Fund management charge	Total transaction cost
Utmost Money Market	0.50%	0.00%

**The final member with AVC's disinvested from Utmost during the Scheme year*

Illustration of the impact of charges and costs on a member's pot size over time

In addition to the information above, the Trustee is required to present pound and pence illustrations of the impact of charges and transaction costs on members' pots. The Trustee has taken account of the statutory guidance when preparing the analysis below.

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Purpose of these example illustrations

The illustrations that follow should not be considered personal illustrations. They are based on the assumptions detailed in this section. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds you invest in over time.

Separate illustrations for active members and deferred members have been included due to the difference in member borne charges (with the Company paying the AMC for active members).

Please note the main assumptions relevant to both the active and deferred member illustrations are shown after the illustration tables.

Active member illustrations

Fund transactional charges and costs total (%)

	LifePath Flexi 2067-2069	Aegon BlackRock World (ex-UK) Equity Index (BLK)	Aegon BlackRock DC Diversified Growth
Growth (above inflation)	-1.90% to 3.00%*	3.0%	2.77%
AMC	0.00%**	0.00%**	0.00%**
AAE	0.00%	0.00%	0.06%
TC	0.08%	0.01%	0.40%

* The growth rate used for the Lifepath fund varies through time based on the underlying asset mix

** AMC is paid by employer for active members

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

AMC is the Annual Management Charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the Additional Annual Expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred in addition.

TC are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the average of the actual transaction costs for the period 01/01/19 to 31/12/23.

The impact of transactional costs and charges on fund values (£)

The 'Before charges' column shows each fund value without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after transaction costs, charges and expenses have been deducted.

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	LifePath Flexi 2067-2069		Aegon BlackRock World (ex-UK) Equity Index (BLK)		Aegon BlackRock DC Diversified Growth	
Years	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	31,288	31,266	31,518	31,512	31,464	31,336
3	48,667	48,578	49,643	49,631	49,433	48,917
5	67,160	66,973	69,338	69,290	68,868	67,771
10	118,643	118,043	126,038	125,879	124,496	120,945
15	178,348	177,083	194,937	194,582	191,521	183,743
20	247,332	245,063	278,174	277,512	271,828	257,547
25	326,734	323,058	378,235	377,123	367,592	343,917
30	417,828	412,262	498,012	496,262	481,320	444,617
35	522,031	513,996	640,862	638,237	615,900	561,642
40	640,919	629,725	810,685	806,884	774,653	697,241
43	720,020	706,547	927,379	922,697	883,075	788,558

Deferred member illustrations

Fund transactional charges and costs total (%)

	LifePath Flexi 2067-2069	Aegon BlackRock World (Ex UK) Equity Index	Aegon BlackRock Property Fund
Growth (above inflation)	-1.90% to 3.00%*	3.00%	2.85%
AMC	0.41%	0.35%	0.98%
AAE	0.00%	0.01%	0.01%
TC	0.08%	0.01%	0.04%

* The growth rate used for the LifePath fund varies through time based on the underlying asset mix

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

AMC is the Annual Management Charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the Additional Annual Expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred in addition.

TC are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on actual transaction costs for the period 01/01/19 to 31/12/23.

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The impact of transactional costs and charges on fund values (£)

The 'Before charges' column shows each fund value without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after transaction costs, charges and expenses have been deducted.

	Lifepath Flexi 2067-69 (BLK)		Aegon BlackRock World (Ex UK) Equity Index (BLK)		Aegon BlackRock Property	
Years	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	23,483	23,368	23,667	23,580	23,621	23,379
3	24,480	24,122	25,060	24,783	24,914	24,156
5	25,519	24,901	26,534	26,048	26,277	24,958
10	28,313	26,959	30,611	29,499	30,021	27,038
15	31,413	29,187	35,315	33,408	34,299	29,389
20	34,853	31,600	40,741	37,835	39,187	31,891
25	38,670	34,211	47,002	42,849	44,770	34,606
30	42,904	37,038	54,224	48,527	51,149	37,553
35	47,602	40,100	62,556	54,957	58,438	40,750
40	52,815	43,415	72,168	62,240	66,765	44,219
43	56,213	45,533	78,630	67,064	72,320	46,441

About the illustrations (assumptions) for active and deferred members

Current age is 22 and retirement age is 65. This is based on the age of the youngest person in the scheme.

For active members, current salary is £39,000 and will increase each year by 3.5%.

For active members, future contributions paid will be 20% of the member's salary (£650 each month increasing by 3.5% each year in line with assumed salary increases).

The existing fund value for both active and deferred members is £23,000 which based on the median value of the total holdings within the Scheme. This is calculated by listing the total holdings of each member in the Scheme, from the lowest to the highest value and selecting the value in the middle.

We've shown the default LifePath Flexi Investment option that the majority of members invest in for active and deferred members.

For active members, we have also illustrated the Aegon BlackRock World (Ex UK) Equity Index Fund and the Aegon BlackRock DC Diversified Growth funds to show the funds with the lowest and highest charges, respectively.

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For deferred members, we have also illustrated the Aegon BlackRock World (Ex UK) Equity Index (BLK) and the Aegon BlackRock DC Property funds to show the funds with the lowest and highest charges, respectively.

Investment growth notes for illustrations (assumptions)

These illustrations use assumptions which are based on the Financial Conduct Authority's Conduct of business sourcebook (CoBS).

The value of investments will grow at a rate appropriate to the funds members are invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) the members are invested in.

The assumed growth rate used for each fund is shown above. This rate is based on Aegon's view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and long-term asset allocation of the funds.

If the growth rate we've used is:

- the same as the rate of inflation, this reduces the growth rate, after making an allowance for inflation, to 0%;
- less than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.

Asset Allocation of the Default Arrangement

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations (Northern Ireland) 2024 introduced new requirements for trustees and managers of certain occupational pension schemes.

The Trustee is now required to disclose their full asset allocations of investments from their default arrangements in this Statement.

	Percentage allocation – average 25 years (%)	Percentage allocation – average 45 years (%)	Percentage allocation – average 55 years (%)	Percentage allocation – average 65 years (%)
	LifePath Flexi 2061-2063	LifePath Flexi 2043-2045	LifePath Flexi 2031-2033	LifePath Flexi 2022-2024
Cash	0.0%	0.0%	0.0%	0.00%
Bonds	0.0%	16.1%	39.5%	60.0%
Listed Equity	95.1%	79.5%	57.0%	37.7%
Private Equity	0.0%	0.0%	0.0%	0.0%
Property	4.9%	3.9%	2.3%	1.0%
Infrastructure	0.0%	0.0%	0.0%	0.0%
Private Debt	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.5%	1.1%	1.3%

Source: Aegon, asset allocation as at 31 December 2023

Total may not sum to 100% due to rounding

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Long-Term Net Investment Returns

Regulations introduced in 2021 requires the Trustee to report on the net investment returns for the Scheme's default arrangement and for each fund which Scheme members are, or have been able to, select, and in which members are invested during the Scheme year. Net investment returns refers to the returns on funds minus all transaction costs and charges.

The tables below include the long-term net investment return for the Scheme's default and alternative strategies which have been calculated in accordance with the statutory guidance.

Age of member at start of period	Annualised returns to 31/12/2023 (%)*			
	Active members		Deferred members	
Default strategy (LifePath Flexi)	1 year	5 years	1 year	5 years
25	17.3	10.7	16.9	10.2
45	13.9	7.7	14.3	7.3
55	11.6	5.6	11.2	4.5
LifePath Capital	1 year	5 years	1 year	5 years
25	_*	_*	_*	_*
45	_*	_*	_*	_*
55	_*	_*	_*	_*
LifePath Retirement	1 year	5 years	1 year	5 years
25	_*	10.7	_*	10.3
45	_*	7.7	_*	7.3
55	_*	4.7	_*	4.3

Source: Aegon and Mercer estimates. Performance shown net of all charges and transaction costs.

*There is no performance available for these funds due to limited member investment in this LifePath fund series.

The table below includes the long-term net investment return for the Scheme's self-select funds:

Self-select fund	Annualised returns to 31/12/2023 (%)			
	Active members		Deferred members	
	1 year	5 years	1 year	5 years
Aegon BlackRock DC Aquila UK Equity Index	6.6	6.2	6.2	5.8
Aegon BlackRock DC Aquila World (ex UK) Equity Index	18.6	13.3	18.2	12.9
Aegon LGIM Future World Global Equity	16.5	-	16.0	-
Aegon BlackRock DC Aquila Emerging Markets Equity Index	3.1	3.4	2.6	2.9
Aegon BlackRock DC Aquila Corporate Bond All Stocks Index	8.8	0.5	8.4	0.2

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Aegon BlackRock DC Diversified Growth	8.7	4.8	8.1	4.2
Aegon BlackRock DC Property	2.4	2.0	1.4	1.0
Aegon BlackRock DC Cash	4.7	1.4	4.3	1.1

Source: Aegon and Mercer estimates.

Performance shown net of all charges and transaction costs.

Performance data for 10, 15 and 20 years were not available, as the current Scheme arrangements do not have more than 6 years of history.

Value for Members

The Trustee is committed to ensuring that members receive good value from the Scheme. The Trustee with support from their advisers, Mercer Limited, have undertaken a value for members' assessment. This year's assessment is based on the new regulatory requirements for "small schemes" as introduced by the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations (Northern Ireland) 2021, as amended. This assessment considered the following areas:

Assessment area	Type of assessment
1. Costs and charges	Comparative assessment against three larger DC arrangements, considering the level of ongoing member-borne charges and transaction costs.
2. Net investment returns	Comparative assessment against three larger DC arrangements, considering investment performance net of all member-borne costs and charges.
3. Administration and governance	Standalone assessment of the Scheme's governance and administration arrangements, covering: core financial transactions; record keeping; default investment strategy; investment governance; trustee knowledge and understanding; member communications; and management of conflicts of interest.

For the first two areas, the assessment is based on a comparison with three comparator arrangements (NEST Master Trust, The People's Pension Scheme, and Aviva Master Trust). These comparators were chosen as they can be a viable destination if the Scheme ever winds up.

The Trustee concluded that the Scheme's overall benefits and options represent good value for money in comparison to the costs payable by members, when considered across a number of measures.

An overview of the results of the Trustee's assessment against the three areas is shown below.

Assessment area	Key comments
Costs and charges	Overall, the Trustee has assessed the Scheme as offering good value from a costs and charges perspective, relative to the three peers chosen. Active members, who account for the majority of the membership, benefit from the majority of charges being paid for by the Company. Therefore, this has been assessed as good value relative to peers. However, the assessment of deferred member charges has been more mixed, where charges have been behind two out of the three comparators.

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Net investment returns	<p><u>DEFAULT ARRANGEMENT</u></p> <p>For the one year performance, the Scheme's net investment returns has outperformed all comparators with the exception of the NEST Pension Scheme for members above 55 years, in which NEST has vary marginally outperformed our Scheme's default.</p> <p>In terms of longer term performance, for 25 year old members over the 5-year period the Scheme default has outperformed all the market comparators. For 45 and 55 year old members the 5-year performance has been slightly more mixed. The Scheme has managed to outperform both the Aviva and the People's Pension Scheme but is underperforming NEST.</p> <p>Overall, we view the Scheme's historic net investment performance as providing good value for members versus the comparator arrangements. The underperformance versus the NEST portfolio is not significant and does not provide any concerns at this point.</p> <p><u>TWO MOST POPULAR SELF-SELECT FUNDS</u></p> <p>The two most popular self-select funds (the Aegon BlackRock World (Ex-UK) Equity Index Fund and the Aegon LGIM Future World Global Equity Fund) have generally performed well relative to the closest-match investment options offered by the three comparators arrangements.</p> <p><u>CONCLUSION</u></p> <p>Overall, the Trustee has assessed the Scheme as offering reasonable value from a performance perspective. For this conclusion the Trustee has primarily focused on longer term performance given that will be the aim of the majority of these funds but note shorter term performance has been disappointing relative to peers. The Trustee will continue to monitor performance closely and take action if deemed necessary.</p>
Administration and governance	<p>The Trustee has assessed the Scheme as offering good value from a governance and administration perspective. An assessment was undertaken against areas set out in legislation and guidance set out by the Department of Work and Pensions. The structure of the Trustee board provides for good debate and decision making. We note the Trustee is compliant on their investment governance requirements as evidenced by Scheme documents and monitors the default investment strategy at least on a three yearly basis. Administration service levels for key areas were assessed as providing good value, on the whole.</p>
Overall	<p>Overall, considering all three areas set out above, the Trustee has assessed the Scheme as offering good value for members.</p> <p>The Trustee will closely monitor both investment and administration performance over the coming year to ensure both are in line with Trustee expectations.</p>

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Trustee knowledge and understanding

Requirements

The Pensions (Northern Ireland) Order 2005 requires individual trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts and the investment of the assets. The degree of knowledge and understanding required is that appropriate for the purposes of enabling the Trustee to exercise the function in question.

The Trustee is also required to explain how its combined knowledge and understanding, together with the advice which is available to them, enables it properly to exercise its functions as Trustee of the Scheme.

The Trustee Directors must also be conversant with the Scheme's own documentation, including the trust deed and rules and statement of investment principles. The Trustee Directors must also be conversant with any other document recording current policy relating to the administration of the Scheme generally. The Pensions Regulator interprets 'conversant' as having a working knowledge of those documents such that the Trustee is able to use them effectively when they are required to do so in the course of carrying out their duties on behalf of the Trustee. In addition, Trustee is also required to have a knowledge and understanding of the law relating to trusts and pensions.

How the Trustee has met these requirements

Face to face training with advisers is arranged for the onboarding of new Trustee Directors. No new Trustee Directors were appointed during the Scheme year. However, as an example of this process, a previous adviser led session for a new Trustee Directors consisted of the following DC specific topics:

- DC governance
- Tax reliefs and limits for DC members
- DC investment options
- Auto enrolment
- Pension Freedoms

These topics complemented the wider Scheme management sessions led by the actuarial and investment consulting teams covering the role of a trustee, trustee knowledge and understanding, the Pensions Regulator requirements, legal framework, funding, investment, covenant, effective trusteeship and good governance.

The Trustee board undertake a formal training day on an annual basis to ensure they are up to date with pension's legislation and current issues in pensions that affect the Scheme. The agenda for the annual training day is set following consideration of training requirements and discussions with advisers.

The Trustee board undertook a number of additional activities during the year that involved giving detailed consideration to pensions, trust law and wider pension issues/developments. These were largely undertaken during the course of the Trustee meetings or at the annual Trustee training day. For example, at the annual Trustee training day on 6 September 2023 the Trustee received the following training sessions from their advisers:

- The Pension Regulator's General Code of Practice.
- DC governance, including challenges in governing DC schemes and a recap on statutory obligations.
- Future DC strategy, including an overview of the current DC landscape, the Master Trust market place and offerings, retirement support and provider/investment options.
- The round-up of the latest developments and news items in the DC market.

BELFAST HARBOUR COMMISSIONERS' PENSION SCHEME

In addition, the Trustee undertakes regular training on an ad-hoc basis to obtain the required knowledge and understanding of pensions and trust law. The Trustee receives professional advice from Mercer and Pitmans LLP (legal advisers) to support them in reviewing the performance of the Scheme and in governing the Scheme in line with the Trust Deed and Rules.

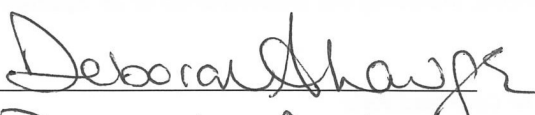
The Trustee is conversant with, and has demonstrated a working knowledge of, the Trust Deed and Rules, the current Statement of Investment Principles ('SIP'), as well as knowledge of all documents setting out the trustee's compliance. If there are any ambiguities over the interpretation of the Rules and Scheme documentation legal advice is sought from the Scheme's legal advisers. The Scheme's legal advisers were in attendance at Trustee meetings during the year where support was required in relation to the Scheme Rules or relevant legal matters applicable to the Scheme.

The Trustee undertook a number of activities during the year relating to the Scheme's documentation, including a review of the SIP was undertaken in November 2023. This captured the Trustees' policy in relation to illiquid assets in the default investment arrangement.

Based on the actions set out in this section, taken individually and as a Trustee body, and the professional advice available to them, the Trustee considers that they have sufficient skills and resources to properly exercise their function as a Trustee.

Chair's declaration

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1997 (Northern Ireland) as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (Northern Ireland) (together 'the Regulations') and I confirm that the above statement has been produced by the Trustee of the Scheme.

Signature: 
Name: DEBORAH A. LANGE

Chair of the Belfast Harbour Commissioners Pension Scheme

Date: 17.6.24

Appendix

Statement of Investment Principles effective November 2023