

Annual governance statement 2021

1. Introduction

- 1.1. This statement has been prepared by the Trustees of the Professional Footballers' Pension Scheme ("the Trustees" and "the Scheme" respectively), to report on compliance with governance standards.
- 1.2. The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.
- 1.3. This statement covers the scheme year 1 August 2020 to 31 July 2021 and will be published online at <https://www.thepfa.com/players/union-support/pension-scheme>. Details of which will be included within members' annual benefit statements.

2. The Scheme's DC arrangements

- 2.1. The Scheme's DC arrangements comprise:

2.1.1. The 2011 Section

- 2.1.1.1. Used by the participating employers' as a qualifying workplace arrangement for auto-enrolment purposes.
- 2.1.1.2. Members are not required to contribute into the 2011 Section. The transfer levy fund is used to make contributions to the 2011 Section in respect of each member and subsequently invested into the Scheme's default investment strategy.
- 2.1.1.3. The 2011 Section is administered by Broadstone Corporate Benefits ("Broadstone") and members' benefits are invested in the Scheme's default investment strategy, which sits on Mobius Life Limited's ("Mobius Life") platform, investing in a range of investment managers' funds provided through the Mobius Life platform.
- 2.1.1.4. Members can elect to pay Additional Voluntary Contributions ("AVCs") and invest in the default investment arrangement (as well as its underlying funds), a selection of self-select funds, or funds that sit on Aberdeen Standard Investments Limited's ("ASI") platform, at the Trustees' discretion.

2.1.2. The Income Section

- 2.1.2.1. Closed to further contributions on 31 December 2010, is administered by Broadstone and invested in funds on the ASI platform.

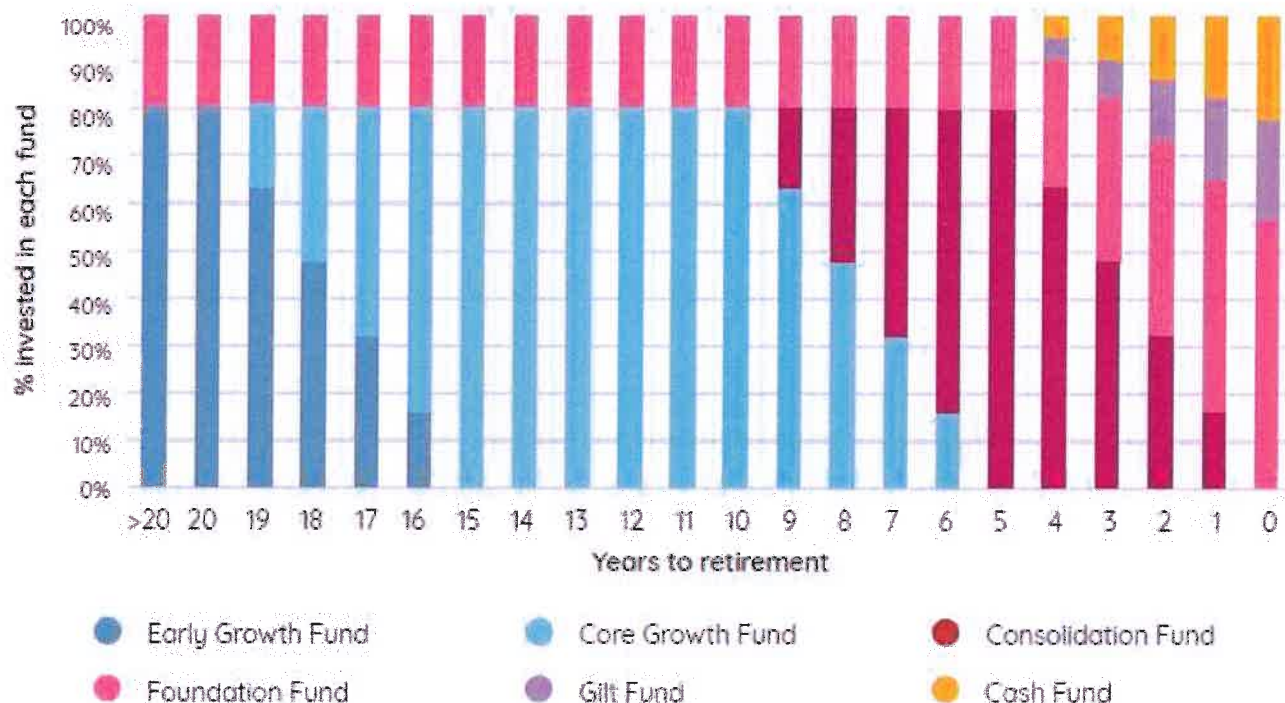
3. Default investment arrangements

2011 Section

- 3.1. Prior to 9 October 2020, the 2011 Section's default investment arrangement was the Footballers' Retirement Fund ("FRF"), a blended fund which sat on the Mobius Life platform invested in a number of different underlying funds on the platform.
- 3.2. The FRF was a unitised fund which aimed to provide stable growth up to retirement while remaining suitable for members taking their retirement benefits in any form (i.e. cash, annuity purchase and drawdown). The FRF invested in the following range of diversified growth funds.
 - 3.2.1. Newton Real Return Fund
 - 3.2.2. Newton Global Dynamic Bond Fund
 - 3.2.3. Invesco Global Targeted Returns Fund
 - 3.2.4. Aviva Multi-Strategy Target Return Fund
 - 3.2.5. Standard Life GARS Fund
 - 3.2.6. Insight Broad Opportunities Fund

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- 3.3. Following a phased transition from 9 October 2020 to 16 February 2021, the Trustees introduced a new default investment arrangement for the 2011 Section in which all future contributions, as well as those previously invested in the FRF, would be invested. The new default investment strategy ("the 2011 Section Default") invests in white-labelled, blended funds that follows a 20 year lifestyle profile, so as to protect members' benefits in the lead up to retirement. The strategy is aimed at members who intend to drawdown their Scheme benefits at-retirement. A summary of the 2011 Section Default strategy and the range of underlying blended funds utilised by the strategy is provided below:



Income Section

- 3.4. Although the Lifestyle Strategy within the Income Section is considered a 'default' option, and governed as such by the Trustees, it is not a 'default investment arrangement' for the purposes of the Occupational Pension Scheme (Charges and Governance) Regulations 2015. This is because no contributions have been allocated to the Lifestyle Strategy, where members have not made an investment decision, since 6 April 2015.
- 3.5. The Income Section's Lifestyle Strategy targets a normal retirement age ("NRA") of 55 (35 for members before April 2006) and de-risks over a 5 year switching period to NRA.
- 3.6. During the growth phase, the Income Section Lifestyle Strategy invests solely in the Vanguard FTSE UK All Share Pension Fund Index before gradually switching into the Aberdeen Standard Life Deposit and Treasury Pension Fund in the 5 years towards a member's NRA. The strategy is aimed for members who are expected to use their Income Section benefits towards funding part or all of their tax-free cash entitlement in conjunction with their Defined Benefits (DB) at-retirement.

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Aims & objectives

- 3.7. The Trustees' high level objectives with regard to investing the Scheme's assets are to adopt an approach that recognises the need to balance risk with the achievement of a satisfactory investment return. The Trustees have taken into consideration that:
- 3.7.1. The liabilities of the 2011 & Income Sections are equal to the assets since these define the benefit promise
 - 3.7.2. Members' pension benefits are maximised by achieving maximum investment returns
 - 3.7.3. Individual members' financial profiles and attitudes to risk may vary
- 3.8. The investment managers used by the 2011 & Income Sections have each been set performance objectives to achieve returns in line with, or in excess of, a benchmark.

Monitoring of the defaults

- 3.9. During the Scheme year, the Trustees, with the support of their investment advisers, monitored the performance of the 2011 & Income Sections' default investment arrangements (collectively referred to as "the defaults"), and the underlying funds that make up these strategies, against their respective benchmarks and the Trustees' objectives. The Trustees received quarterly investment monitoring reports from their investment advisers which were considered at every Trustees' meeting.
- 3.10. The Trustees have an established Investment Sub-Committee to monitor the defaults, as well as the wider fund range and consider any required changes as they arise. The sub-committee feeds into the full Trustee Board which is collectively responsible for any decisions made. Investments are considered as a standing item at quarterly Trustees' meetings.

Review of the default

- 3.11. No review of the Scheme's default investment strategies was undertaken during the Scheme year. The Trustees last undertook the last triennial review of the Scheme's default investment arrangements in October 2019. The outcome of this review saw the Trustees replace the FRF with the 2011 Section Default during the Scheme year.
- 3.12. Furthermore, the Trustees will look to implement a new default investment strategy for members of the Income Section during the 2022/23 Scheme year. The new investment strategy will follow the same approach to the new 2011 Section Default. It will invest in the same white-labelled, blended funds and follows a 20 year lifestyle profile, so as to protect members' benefits in the lead up to retirement. The strategy is aimed at members' who intend to take their Scheme DC benefits alongside their DB benefit.
- 3.13. During the growth phase, the new strategy invests exclusively in the Early Growth Fund. In the 20 years leading up to a member's NRA, members are gradually switched out of the Early Growth Fund, into the Core Growth Fund and then the Consolidation Fund until, at retirement, all assets are invested in the Foundation and Gilt Funds.

Further information on the defaults

- 3.14. Details of the defaults used during the Scheme year are set out in the attached Statement of Investment Principles (SIPs) dated 4 September 2020. The SIPs cover the Trustees' investment policy in relation to each respective Section during the 2020/21 Scheme year.

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4. Core financial transactions

- 4.1. The Trustees have a duty to ensure that 'core financial transactions' are processed promptly and accurately.
- 4.2. Core financial transactions comprise the following:
 - 4.2.1. investment of contributions
 - 4.2.2. transfers into (2011 Section only) and out of the Scheme
 - 4.2.3. investment switches within the Scheme
 - 4.2.4. payments out of the Scheme
- 4.3. Over the Scheme year, the administration functions, including core financial transactions, were undertaken by Broadstone.

Controls and monitoring arrangements

- 4.4. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:
 - 4.4.1. The Trustees have a Service Level Agreement (SLA) in place with Broadstone. The SLA sets out the timeline standards expected for each step of the Scheme's main administration tasks, including core financial transactions. Examples of the SLA's agreed are:

Event	SLA (working days)
Leavers – deferred benefits statements	15
Early retirement	10
Normal retirement (6 months pre-retirement)	20
Late retirements	10
Ill-health early retirements	5
Death in retirement / in service / deferment - calculation and payment of benefits	2 (initial contact) 5 (follow up work)
Transfers out – Calculation of transfer value and issue of statement to member/IFA and payments of benefits	15
Payments of all cash sums*	5
HMRC Queries (in respect of members)	20

*Subject to sufficient funds being available in the Trustees bank account.

- 4.4.2. In order to monitor Broadstone's performance against agreed SLA's, the Trustees received quarterly administration reports from Broadstone over the Scheme year. These reports include cash flow monitoring, summaries of member transactions, reporting of service performance against SLAs and to identify any issues arising regarding administration timeliness and/or accuracy. Reports were considered at each Trustees' meeting following the period which they cover. The Pensions Manager also regularly meets with Broadstone to support the high standards of administration expected by the Trustees and Scheme members.

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- 4.4.3. The Trustees have agreed a break clause in the contract with Broadstone, should a prolonged failure in the day-to-day administration service occur, for example if there is a persistent failure in meeting the SLAs in the above table.
- 4.4.4. Monitoring of accuracy is also undertaken via the auditing of the Scheme's annual report and accounts and periodic auditing of the Scheme's membership data. Broadstone's processes are subject to internal controls procedures.
- 4.4.5. The administrator's controls and processes are also subject to a formal external audit for its annual assurance report on internal controls.
- 4.4.6. Internal control measures are in place that ensure contributions are checked, reconciled and are paid in accordance with the payment schedule in place.
- 4.4.7. Any material issues uncovered regarding inaccuracies with core financial transactions are included within Broadstone's quarterly reporting to the Trustees.
- 4.5. The Trustees believe that these controls allowed them to effectively monitor the timeliness and accuracy of core financial transactions during the Scheme year.

Performance during the scheme year

- 4.6. The Trustees received quarterly reports from the administrator during the Scheme year and were satisfied with the performance against SLAs.

Assessment

- 4.7. In view of the controls and monitoring arrangements, the Trustees believe that core financial transactions have been processed promptly and accurately.

5. Member-borne charges and transaction costs

- 5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:
 - 5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).
 - 5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

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Charges in relation to the 2011 & Income Sections

5.2. The following table provides details of the charges and transaction costs for each of the investment options provided through the 2011 & Income Sections over the Scheme year (data sourced from each relevant investment manager):

Investment option	Total Expense Ratio (TER)	Transaction Costs**
FRF	0.74%***	0.460%
2011 Section Default*	0.23% - 0.41%	-0.01% - 0.10%
Income Section Lifestyle Strategy*	0.10% - 0.16%	0.07% - 0.21%
The Footballers' Early Growth Fund	0.32%	0.05%
The Footballers' Core Growth Fund	0.26%	0.09%
The Footballers' Consolidation Fund	0.43%	0.13%
The Footballers' Foundation Fund	0.35%	-0.02%
The Footballers' Gilt Fund	0.08%	0.01%
The Footballers' Cash Fund	0.09%	0.01%
The Footballers' Equity Fund	0.17%	0.07%
The Footballers' Shariah Fund	0.36%	0.03%
The Footballers' Diversified Growth Fund	0.47%	0.26%
Global Equity Select 60:40 Pension Fund	0.61%	0.24%
Aberdeen Standard Asia Pacific ex Japan Equity Pension Fund	0.74%	0.07%
Aberdeen Standard Global Bond Pension Fund	0.31%	0.06%
Aberdeen Standard Overseas Equity Tracker Pension Fund	0.11%	0.13%
Aberdeen Standard Overseas Equity Pension Fund	0.61%	0.46%
North American Equity Pension Fund	0.61%	0.14%
Aberdeen Standard Life Deposit and Treasury Pension Fund	0.16%	0.05%
Aberdeen Standard Managed Pension Fund	0.52%	0.12%
Aberdeen Standard Long Bond Pension Fund	0.31%	0.19%
Japanese Pension Fund	0.62%	0.26%
Aberdeen Standard UK Equity Select Pension Fund	0.71%	0.05%
Aberdeen Standard Index-Linked Bond Pension Fund	0.31%	0.15%
Global Equity 50:50 Tracker Pension Fund	0.11%	0.01%

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Investment option	Total Expense Ratio (TER)	Transaction Costs**
Global Equity 50:50 Pension Fund	0.51%	0.30%
Aberdeen Standard Global Absolute Return Strategies Pension Fund	0.81%	0.66%
Aberdeen Standard UK Gilt Pension Fund	0.31%	0.12%
European Equity Pension Fund	0.62%	0.06%
Aberdeen Standard Ethical Pension Fund	0.51%	0.08%
Aberdeen Standard Corporate Bond Pension Fund	0.31%	0.03%
Aberdeen Standard Multi Asset Managed (20-60% Shares)	0.52%	0.05%
Aberdeen Standard Global Equities Pension Fund	0.71%	0.17%
Aberdeen Standard UK Mixed Bond Pension Fund	0.31%	0.03%
Money Market Pension Fund	0.21%	0.00%
Aberdeen Standard Pooled Property Pension Fund	0.96%	0.09%
SL Vanguard US Equity Pension Fund	0.10%	-0.02%
SL Vanguard UK Government Bond Index Pension Fund	0.10%	0.03%
SL Vanguard Japan Stock Index Pension Fund	0.10%	0.03%
Vanguard FTSE UK All Share Pension Fund Index	0.10%	0.05%
SL Vanguard FTSE Developed Europe ex UK Pension Fund	0.10%	-0.04%
Aberdeen Standard UK Equity Pension Fund	0.51%	0.06%
Aberdeen Standard Long Corporate Bond Pension Fund	0.31%	0.06%
SL Vanguard Pacific ex Japan Stock Index Pension Fund	0.10%	0.04%

* The quoted charges and transaction costs for each lifestyle strategy are calculated as a composite of the underlying fund charges and transaction costs. These fund holdings and therefore also charges will vary depending upon each member's term to retirement age.

** In certain circumstances, the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market activity pushes down the price of the asset being traded, whilst the transaction was in progress, resulting in the asset being purchased for a lower price than when the trade was initiated.

*** Inclusive of a 0.06% p.a. platform fee.

Impact of costs and charges

5.3. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustees have produced illustrations and these are set out in the appendix.

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Investment transition carried out during the Scheme year

- 5.4. During the course of the Scheme year, the Trustees carried out an investment transition exercise. The Pensions Regulator sets out a best practice framework for assessing value for money for events that generate one-off costs, such as the investment transition, which is set out below:
- 5.4.1. 2011 Section members were invested in the FRF, a blended fund which sat on the Mobius Life Platform and invested in a number of underlying funds on the platform.
 - 5.4.2. All 2011 Section members were moved by default to the new 2011 Section Default with a default target retirement age of 55.
 - 5.4.3. The transfer of assets took place over two broadly equal tranches, with the first taking place on 9 October 2020 and the second on 16 February 2021. The transfer was completed in two tranches in order to mitigate against adverse market movements in the transfer period. Mobius Life obtained a pre-funding facility for the transfer from Legal & General Investment Management ("LGIM") which meant that a majority of the transition was re-invested on the disinvestment dates. The costs of LGIM's pre-funding facility were met by funding from the transfer levy.
 - 5.4.4. There were no explicit costs to members for the transition, either in selling units in the FRF or buying units in the newly created blended funds that compose the new 2011 Section Default. Therefore, members' fund values immediately before and immediately after the transition were the same. Utilising the pre-funding facilities of LGIM mitigated out of market movements for a majority of the assets transitioned.
 - 5.4.5. Some implicit costs can arise in trades between funds. Costs incurred in this manner were estimated to be less than 0.13% and 0.14% of the amount transitioned for the October 2020 and February 2021 transitions respectively.
 - 5.4.6. There will be no further costs in respect of the asset transition and members will be paying lower charges as a result of the transition.
 - 5.4.7. The change was implemented as the FRF offered no automatic de-risking as members approached retirement.
 - 5.4.8. As part of the investment strategy review, the Trustees identified a Lifestyle Strategy that would be pertinent to the Scheme's membership in terms of the risk carried in the growth phase and payment method that is likely to be targeted as members approach retirement. The Trustees, after taking advice from its investment advisers, decided that the Mobius Life platform remained best placed to implement the new strategy.
 - 5.4.9. The new default investment arrangement should offer members improved value for money. The Trustees believe the new 2011 Section Default will:
 - 5.4.9.1. Provide automatic de-risking as members approach retirement
 - 5.4.9.2. Broadly match the risk profile of the membership in the growth phase
 - 5.4.9.3. Broadly reflect how members are expected to draw benefits from the Scheme at retirement
 - 5.4.9.4. Provide lower ongoing charges

Value for members

- 5.5. The Trustees are required to assess annually the extent to which the charges and transaction costs borne by members represent good value.
- 5.6. Analysis was undertaken by the Trustees' professional advisers, Barnett Waddingham LLP, and the findings set out in a report dated November 2021. The Trustees considered the report and confirmed its value for members assessment at a meeting in December 2021.

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- 5.7. Recognising that low cost does not necessarily mean good value, the assessment considered whether the services for which members pay or share the costs are suitable for, relevant to and (likely to be) valued by members and whether performance of the services had been effective. Consideration was also made of the costs relative to other options available in the market.
- 5.8. Various investment-related services for which members do not directly bear the costs are nevertheless inextricably linked to creating the environment under which investment returns are delivered, e.g. strategy, monitoring and the investment governance structure, so these were included in the assessment.
- 5.9. Other services paid for by the PFA were excluded but nevertheless deliver value to members, e.g. the services of professional advisers and the operation of the Trustee Board, with a duty to act in the best interest of members.
- 5.10. In relation to the 2011 & Income Sections, the member-borne charges and transaction costs relate to investment services only. All other charges, including the costs of administration and communication services are met by the Scheme.
- 5.11. The assessment considered:
- 5.11.1. the investment strategy, e.g. the design of the defaults and range of alternative options
 - 5.11.2. the arrangements for monitoring the performance of the investment options and reviewing the investment strategy
 - 5.11.3. the investment governance arrangements
- 5.12. The Trustees concluded that the Scheme's DC arrangements offer **excellent value** in relation to the charges and transaction costs borne by members.
- 5.13. In reaching this conclusion, the Trustees recognised:
- 5.13.1. Low cost does not necessarily mean better value
 - 5.13.2. A wide range of self-select funds are available to members
 - 5.13.3. Monitoring processes of the defaults and their underlying fund performance continue to remain in place.
 - 5.13.4. The Trustees have adopted a policy around Environmental, Social & Governance (ESG) issues and monitors how these are implemented with investment managers.

6. Trustee knowledge and understanding

The Trustee Board

- 6.1. The Trustee Board comprises of six Trustees, one of whom is a professional Trustee (and Chair), two are nominated by the Premier League, one nominated by the English Football League and the remaining two are nominated by members.

Trustee knowledge and understanding requirements

- 6.2. Trustees are required to be conversant with a scheme's main documents, and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

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Approach

- 6.3. The Trustees aim to remain conversant with the Scheme's trust deed and rules as well as all other Scheme documents such as the SIPs, the risk register and current policies, e.g. conflicts of interest. They do so through their experience in governing the Scheme, as well as specific activities over the Scheme year and access to professional advice. The Trustees have instant online access to the Scheme's documents via the Trustees' secure website.
- 6.4. The Trustees aim to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets through a combination of training, taking professional advice and the inclusion of a professional trustee as Chair of the Trustee Board.
- 6.5. There is a structured training programme in place that includes periodic self-assessment by the Trustees to identify knowledge gaps and training needs in relation to emerging legislation, Scheme changes and upcoming matters in the Scheme's business plan. The self-assessment includes rating themselves against criteria recognised as relevant to the role of Trustee specifically for the Scheme, including behaviours, accountabilities, Scheme specific and general knowledge and skills. The results are compiled in a Board Skills Matrix which is evaluated by the Chair. The latest self-assessment was carried out in December 2018. The training programme also includes completion of the Pensions Regulator's trustee toolkit. A training log is maintained in relation to training undertaken and is reviewed at each Trustees' meeting.
- 6.6. The structured training programme is supplemented with training activities such as attending seminars and conferences, and reading pensions-related articles.
- 6.7. An induction process is in place for newly appointed Trustees, which involves the provision of an induction pack, an initial training session with the Trustees' legal advisers, an initial knowledge assessment and a plan to address gaps identified.
- 6.8. The Trustees consult with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the Trustees on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Scheme's documents, attending Trustees meetings and often in the delivery of training at these meetings.

Activities over the Scheme year

- 6.9. The Trustees updated the Scheme's SIPs in September 2020 to take into account the new default arrangements.
- 6.10. The Trustees reviewed the following Scheme documents:
 - 6.10.1. the risk register
 - 6.10.2. annual report and accounts
 - 6.10.3. annual calendar
 - 6.10.4. CMA objectives
 - 6.10.5. the SIPs
- 6.11. The Trustees received training at Trustees Meetings on the following areas:
 - 6.11.1. integrating ESG into their investments.
 - 6.11.2. annuity purchase
 - 6.11.3. the Pension Regulator's combined code of practice

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- 6.12. No new Trustees were appointed during the Scheme year, so the induction process was not required.
- 6.13. During the Scheme year, the Trustees took professional advice on:
- 6.13.1. assessing the Scheme's DC arrangements against the Pensions Regulator's Code of Practice 13 ("DC Code")
 - 6.13.2. undertaking the annual value for members assessment
 - 6.13.3. reviewing and updating the SIPs
 - 6.13.4. reviewing the 2011 & Income Sections' wider fund range
 - 6.13.5. setting the Trustees policy towards ESG issues
 - 6.13.6. monitoring the performance of the defaults and their underlying funds
 - 6.13.7. investment accumulation assumptions used for members' statutory money purchase illustrations

Assessment

- 6.14. The Trustees consider that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their Trustee functions in the following ways:
- 6.14.1. The Trustees are able to challenge and question advisers, service providers and other parties effectively
 - 6.14.2. Trustees' decisions are made in accordance with the Scheme rules and in line with trust law duties

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Chair of the Trustees

7/2/22
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Date

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Appendix – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustees have produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the membership and investment options.

Parameters used for the illustrations

- A1.2. The membership of the 2011 & Income Sections and the investment options offered were analysed in determining the parameters to be used.
- A1.3. Pot size: pot sizes of £6,000, £11,500 and £22,500 have been used; these represent the 25th percentile, the median and the 75th percentile of pot values (rounded to the nearest £500) of 2011 & Income Sections members as at 31 July 2021.
- A1.4. Active members and deferred members: illustrations have been provided for active members of the 2011 Section Default only, assuming total regular contributions of £6,180 p.a. (assuming increase of 2.5% p.a.), and for deferred members assuming no future contributions. All other investment options are shown assuming no further contributions.
- A1.5. Timeframe: the illustrations are shown over a 38 year time frame as this covers the approximate duration that the youngest member would take to reach retirement age.
- A1.6. Investment options: the investment options selected for the illustrations include the 2011 & Income Sections' respective default investment arrangements, the most popular self-select option by number of members, the highest charged fund, the lowest charge fund, the fund with the highest assumed investment return and the fund with the lowest assumed investment return.

Investment option	Rationale for inclusion	Assumed Gross return above inflation*	TER	Transaction cost**
2011 Section Lifestyle Default	Default strategy for 2011 Section	0.18% - 2.30%	0.23% - 0.41%	-0.01% - 0.10%
Income Section Lifestyle Strategy	Lifestyle strategy for Income Section	-1.50% - 2.50%	0.10% - 0.16%	0.07% - 0.21%
SL Vanguard FTSE UK All Share Index	Most popular self-select choice	2.50%	0.10%	0.21%
Aberdeen Standard Overseas Equity Tracker Pension Fund	Highest assumed investment return	2.50%	0.11%	0.17%
Aberdeen Standard UK Gilt Pension Fund	Lowest assumed investment return	-1.50%	0.31%	0.04%
SL Vanguard UK Government Bond Index	Lowest charge	-1.50%	0.10%	0.00%
Aberdeen Standard Global Absolute Return Strategies Pension Fund	Highest charge	1.50%	0.81%	0.85%

* Projected growth rates, gross of costs and charges, for each investment option are in line with the 2021 Statutory Money Purchase Illustrations (SMPIs).

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** The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations. As we have data for the last three years only, the figures are three year averages.

Guidance to the illustrations

A1.7. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.8. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year.

A1.9. Values shown are estimates and not guaranteed.

A1.10. The starting date for the illustrations is 31 July 2021.

A1.11. The illustrations are presented in two different ways:

A1.11.1. For the Income Section Lifestyle Strategy, the illustrations should be read based on the number of years until the member reaches their retirement age. This is because the underlying funds used and therefore the costs and charges changes over time and this is reflected in the illustrations.

A1.11.2. For other self-select funds, the illustrations should be read based upon various ages in the lead up to when members can access their benefits at age 55.

2011 Section Default

A1.12. This is the default strategy for the 2011 Section.

Illustration basis	Years from taking benefits	Starting pot size £6,000		Starting pot size £11,500		Starting pot size £22,500	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member: continuing contributions	0	£6,000	£6,000	£11,500	£11,500	£22,500	£22,500
	5	£37,160	£36,759	£42,800	£42,303	£54,080	£53,392
	10	£71,666	£70,062	£77,721	£75,887	£89,832	£87,537
	15	£111,619	£108,280	£118,333	£114,632	£131,762	£127,335
	20	£156,369	£150,344	£163,837	£157,289	£178,772	£171,180
	25	£206,996	£197,071	£215,340	£204,697	£232,028	£219,949
	30	£263,563	£248,376	£272,886	£256,750	£291,533	£273,496
	35	£326,769	£304,710	£337,186	£313,904	£358,021	£332,292
	38	£368,198	£341,127	£379,333	£350,851	£401,602	£370,300
Deferred member: no further contributions	0	£6,000	£6,000	£11,500	£11,500	£22,500	£22,500
	5	£6,152	£6,048	£11,792	£11,592	£23,072	£22,681
	10	£6,606	£6,354	£12,661	£12,179	£24,771	£23,829
	15	£7,325	£6,929	£14,039	£13,281	£27,468	£25,984
	20	£8,147	£7,577	£15,615	£14,522	£30,550	£28,413
	25	£9,103	£8,319	£17,447	£15,945	£34,135	£31,197
	30	£10,171	£9,135	£19,494	£17,508	£38,141	£34,255
	35	£11,364	£10,030	£21,782	£19,224	£42,616	£37,612
	38	£12,147	£10,608	£23,281	£20,333	£45,550	£39,782

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A1.13. Note on how to read this table: If a deferred member had £22,500 invested in this option aged 17, when they came to retire in 38 years, the savings pot could grow to £45,550 if no charges are applied but to £39,782 with charges applied.

Income Section Lifestyle Strategy

A1.14. This is the primary investment strategy used by members of the Income Section.

Illustration basis	Years from taking benefits	Starting pot size £6,000		Starting pot size £11,500		Starting pot size £22,500	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Deferred member: no further contributions	0	£6,000	£6,000	£11,500	£11,500	£22,500	£22,500
	5	£6,027	£5,950	£11,553	£11,405	£22,603	£22,314
	10	£6,799	£6,613	£13,032	£12,676	£25,497	£24,800
	15	£7,670	£7,350	£14,701	£14,088	£28,762	£27,564
	20	£8,652	£8,170	£16,583	£15,658	£32,445	£30,636
	25	£9,760	£9,080	£18,706	£17,403	£36,600	£34,050
	30	£11,010	£10,092	£21,102	£19,343	£41,286	£37,845
	35	£12,419	£11,217	£23,804	£21,498	£46,573	£42,062
	38	£13,350	£11,915	£25,588	£22,905	£50,064	£44,815

A1.15. Note on how to read this table: If a member had £22,500 invested in this option on 31 July 2021, when they came to retire in 38 years, the savings pot could grow to £50,064 if no charges are applied but to £44,815 with charges applied.

SL Vanguard FTSE UK All Share Index

A1.16. This is the most popular self-select choice by number of members.

Illustration basis	Age	Starting pot size £6,000		Starting pot size £11,500		Starting pot size £22,500	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Deferred member: no further contributions	17	£6,000	£6,000	£11,500	£11,500	£22,500	£22,500
	22	£6,768	£6,669	£12,973	£12,782	£25,381	£25,007
	27	£7,635	£7,412	£14,634	£14,206	£28,631	£27,794
	32	£8,613	£8,238	£16,507	£15,789	£32,297	£30,892
	37	£9,715	£9,156	£18,621	£17,549	£36,433	£34,334
	42	£10,959	£10,176	£21,006	£19,504	£41,098	£38,160
	47	£12,363	£11,310	£23,695	£21,678	£46,360	£42,413
	52	£13,946	£12,571	£26,729	£24,093	£52,297	£47,139
	55	£14,991	£13,393	£28,733	£25,670	£56,217	£50,224

A1.17. Note on how to read this table: If a deferred member had £22,500 invested in this option aged 17, when they came to retire at the age of 55, the savings pot could grow to £56,217 if no charges are applied but to £50,224 with charges applied.

Annual governance statement 2021 (continued)

Aberdeen Standard Overseas Equity Tracker Pension Fund

A1.18. This is the fund with the highest assumed investment return (gross of charges).

Illustration basis	Age	Starting pot size £6,000		Starting pot size £11,500		Starting pot size £22,500	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Deferred member: no further contributions	17	£6,000	£6,000	£11,500	£11,500	£22,500	£22,500
	22	£6,768	£6,678	£12,973	£12,800	£25,381	£25,043
	27	£7,635	£7,433	£14,634	£14,247	£28,631	£27,874
	32	£8,613	£8,273	£16,507	£15,857	£32,297	£31,025
	37	£9,715	£9,208	£18,621	£17,649	£36,433	£34,531
	42	£10,959	£10,249	£21,006	£19,644	£41,098	£38,435
	47	£12,363	£11,408	£23,695	£21,865	£46,360	£42,779
	52	£13,946	£12,697	£26,729	£24,336	£52,297	£47,615
	55	£14,991	£13,540	£28,733	£25,951	£56,217	£50,774

A1.19. Note on how to read this table: If a deferred member had £22,500 invested in this option aged 17, when they came to retire at the age of 55, the savings pot could grow to £56,217 if no charges are applied but to £50,774 with charges applied.

Aberdeen Standard UK Gilt Pension Fund

A1.20. This is the fund with the lowest assumed investment return (gross of charges).

Illustration basis	Age	Starting pot size £6,000		Starting pot size £11,500		Starting pot size £22,500	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Deferred member: no further contributions	17	£6,000	£6,000	£11,500	£11,500	£22,500	£22,500
	22	£5,574	£5,479	£10,683	£10,502	£20,901	£20,547
	27	£5,178	£5,003	£9,924	£9,590	£19,416	£18,763
	32	£4,810	£4,569	£9,219	£8,757	£18,036	£17,134
	37	£4,468	£4,172	£8,563	£7,997	£16,755	£15,646
	42	£4,150	£3,810	£7,955	£7,303	£15,564	£14,288
	47	£3,855	£3,479	£7,390	£6,669	£14,458	£13,047
	52	£3,581	£3,177	£6,865	£6,090	£13,431	£11,915
	55	£3,427	£3,009	£6,568	£5,767	£12,850	£11,283

A1.21. Note on how to read this table: If a deferred member had £22,500 invested in this option aged 17, when they came to retire at the age of 55, the savings pot could reduce to £12,850 if no charges are applied but to £11,283 with charges applied.

Annual governance statement 2021 (continued)

SL Vanguard UK Government Bond Index

A1.22. This is the fund with the lowest total charge.

Illustration basis	Age	Starting pot size £6,000		Starting pot size £11,500		Starting pot size £22,500	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Deferred member: no further contributions	17	£6,000	£6,000	£11,500	£11,500	£22,500	£22,500
	22	£5,574	£5,546	£10,683	£10,630	£20,901	£20,798
	27	£5,178	£5,127	£9,924	£9,826	£19,416	£19,225
	32	£4,810	£4,739	£9,219	£9,083	£18,036	£17,770
	37	£4,468	£4,380	£8,563	£8,395	£16,755	£16,426
	42	£4,150	£4,049	£7,955	£7,760	£15,564	£15,183
	47	£3,855	£3,743	£7,390	£7,173	£14,458	£14,035
	52	£3,581	£3,459	£6,865	£6,631	£13,431	£12,973
	55	£3,427	£3,300	£6,568	£6,325	£12,850	£12,375

A1.23. Note on how to read this table: If a deferred member had £22,500 invested in this option aged 17, when they came to retire at the age of 55, the savings pot could reduce to £12,850 if no charges are applied but to £12,375 with charges applied.

Aberdeen Standard Global Absolute Return Strategies Pension Fund

A1.24. This is the fund with the highest charge.

Illustration basis	Age	Starting pot size £6,000		Starting pot size £11,500		Starting pot size £22,500	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Deferred member: no further contributions	17	£6,000	£6,000	£11,500	£11,500	£22,500	£22,500
	22	£6,452	£5,952	£12,366	£11,409	£24,195	£22,322
	27	£6,938	£5,905	£13,298	£11,318	£26,018	£22,145
	32	£7,461	£5,858	£14,300	£11,229	£27,979	£21,969
	37	£8,023	£5,812	£15,378	£11,140	£30,087	£21,795
	42	£8,628	£5,766	£16,536	£11,051	£32,353	£21,622
	47	£9,278	£5,720	£17,782	£10,964	£34,791	£21,451
	52	£9,977	£5,675	£19,122	£10,877	£37,412	£21,281
	55	£10,421	£5,648	£19,974	£10,825	£39,079	£21,180

A1.25. Note on how to read this table: If a deferred member had £22,500 invested in this option aged 17, when they came to retire at the age of 55, the savings pot could grow to £39,079 if no charges are applied but reduce to £21,180 with charges applied.

Annual governance statement 2021 (continued)

Appendix Statement of Investment Principles – 2011 and Income Sections



The Professional Footballers' Pension Scheme (2011 Section)

Statement of Investment Principles

Barnett Waddingham LLP

4 September 2020

Annual governance statement 2021 (continued)



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Annual governance statement 2021 (continued)



1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustees and relates to the defined contribution (DC) benefits provided through the Professional Footballers Pension Scheme (2011 Section) ("the Scheme"). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:
 - the Pensions Act 1995, as amended by the Pensions Act 2004; and
 - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010;
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018;
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustees have consulted the Premier League and Football League (as representatives of the Employer Clubs), and obtained advice from Barnett Waddingham LLP, the Trustees' investment consultant. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority for a range of investment business activities.
- 1.3. The Trustees will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.4. The investment powers of the Trustees are set out in Clause 16 of the Definitive Trust Deed & Rules, dated 18 September 2015. This statement is consistent with those powers.

2. Choosing investments

- 2.1. The Trustees carefully consider their Investment Objectives, shown in Appendix 1, when designing the range of investment options to offer to its members. The Trustees also acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings – and therefore, whilst seeking good member outcomes net of fees, it also considers the level of risk that is appropriate based on the anticipated needs of the membership profile of the Scheme.
- 2.2. The Trustees' policy is to offer a default investment arrangement suitable for the Scheme's membership profile. Details of these are given in Appendix 1. In doing so, the Trustees consider the advice of their professional advisers, whom they consider to be suitably qualified and experienced for this role.
- 2.3. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in Appendix 1 to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.
- 2.4. The Trustees review the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustees will also consult the Premier League and Football League (as representatives of the Employer Clubs) before amending the investment strategy.

Annual governance statement 2021 (continued)



3. Investment objectives

- 3.1. The Trustees have discussed and agreed key investment objectives in light of an analysis of the Scheme's membership profile as well as the constraints the Trustees face in achieving these objectives. These are set out in Appendix 1.

4. Kind of investments to be held

- 4.1. The Scheme is permitted to invest in a wide range of assets including equities, bond, cash, property and alternatives.

5. The balance between different kinds of investment

- 5.1. The Trustees have made available a default investment option. Members' assets are automatically invested in line with a pre-determined strategy that changes at different stages of membership. For example, whilst a member is a long way off accessing their retirement savings, emphasis is placed on medium to higher risk funds (i.e. investment largely in growth assets) in search of long-term, inflation-protected growth. As the member's target retirement date approaches, their retirement savings are progressively switched to hold a larger proportion of lower risk assets so as to protect the value of the retirement savings relative to the way in which they are expected to be accessed.
- 5.2. The Trustees consider the merits of both active and passive management for the various elements of the Scheme's portfolio and may select different approaches for different asset classes.
- 5.3. The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and the asset allocation may change as the membership profile evolves.

6. Risks

- 6.1. Risk in a defined contribution Scheme lies with the members themselves. The Trustees recognise that a number of risks are involved in the investment of assets of the Scheme. They have identified the following principal risks which have the potential to reduce the return achieved on the assets to below their benchmarks:

Platform provider risk	The risk that the Platform Provider does not manage the investments in line with the agreed strategy.
Investment Manager Risk	The Trustees monitor the performance of the Scheme's investment managers on a regular basis in addition to having meetings with them from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how the investment manager may operate.
Custodian risk	The risk of failed or inadequate performance by the custodian.
Political risk	The financial risk that a country's government will suddenly change its policies.

Annual governance statement 2021 (continued)



Inflation risk	The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings. The Trustees make available a default investment strategy that is expected to provide a long-term real rate of return.
Conversion risk	The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the benefit amount likely to be received. In the lifestyle arrangement made available through the Scheme (see Appendix 1), the Trustees change the proportion and type of investments so that in the run up to retirement the investments gradually start to move closely to match how the Trustees expect members to access their retirement savings. The Trustees keep under review the appropriateness of the default investment strategy.
Retirement income risk	<p>The risk that a member's retirement income falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid. The Trustees periodically review the appropriateness of the default investment strategy to ensure member outcomes can be maximised.</p> <p>Communications to members will seek to encourage them to regularly review the level of their contributions, but ultimately this is a risk which lies with each member.</p>
Market risk	Each investment manager is expected to manage properly diversified portfolios and to spread assets across a number of individual shares and securities.
Currency risk	The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Loss of investment	The risk of loss of investment by the investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).
ESG risks	The risk posed by environment, social and governance factors (including, but not limited to, climate change).

7. Expected return on investments

- 7.1. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, whom they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.
- 7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

Annual governance statement 2021 (continued)



8. Realisation of investments

- 8.1. The Trustees have delegated the responsibility for buying and selling investments to the investment managers.

9. Financially material considerations, non-financial matters, the exercise of voting rights and engagement activities

- 9.1. The Trustees have set policies in relation to these matters. These policies are set out in Appendix 2.

10. Policy on arrangements with asset managers

Incentivising alignment with the Trustees' investment policies

- 10.1. When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.
- 10.2. The Trustees carry out a strategy review periodically where they assess the continuing relevance of the strategy in the context of the Scheme's membership and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on an annual basis.
- 10.3. In the event that an investment manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, the Trustees will review this investment.
- 10.4. Investment manager ESG policies are reviewed upon appointment in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising assessments based on medium to long term financial and non-financial considerations

- 10.5. The Trustees are mindful that the impact of ESG and climate change has a long-term nature. However, the Trustees recognise that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustees acknowledge this in their investment management arrangements.
- 10.6. When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over a rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

Annual governance statement 2021 (continued)



- 10.7. The Trustees expect investment managers to be voting and engaging on behalf of the Scheme's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

- 10.8. The Trustees monitor the performance of their investment managers over medium to long term periods that are consistent with the Trustees' investment aims, beliefs and constraints.
- 10.9. The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less.
- 10.10. The Trustees believe that this fee structure enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.
- 10.11. The Trustees ask the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered periodically.

Portfolio turnover costs

- 10.12. The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the quarterly investment monitoring process.
- 10.13. During the investment manager appointment process, the Trustees may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

Duration of arrangement with asset manager

- 10.14. For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.
- 10.15. The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment beliefs is assessed periodically. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

11. Employer related investments

- 11.1. The Trustees' policy is not to hold any employer-related investments.

12. Agreement

- 12.1. This statement was agreed by the Trustees, and replaces any previous statements. Copies of this Statement and any subsequent amendments will be made available to the Premier League and Football League (as representatives of the Employer Clubs), the investment manager, and the Scheme auditor upon request. The Statement will also be published on a publicly available website.

Annual governance statement 2021 (continued)



The Professional Footballers' Pension Scheme (Income Section)

Statement of Investment Principles

Barnett Waddingham LLP

4 September 2020

Annual governance statement 2021 (continued)



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Annual governance statement 2021 (continued)



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Annual governance statement 2021 (continued)



3. Investment objectives

- 3.1. The Trustees have discussed and agreed key investment objectives in light of an analysis of the Scheme's membership profile as well as the constraints the Trustees face in achieving these objectives. These are set out in Appendix 1.

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Political risk	The financial risk that a country's government will suddenly change its policies.

Annual governance statement 2021 (continued)



Inflation risk	The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings. The Trustees make available a default investment strategy that is expected to provide a long-term real rate of return.
Conversion risk	The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the benefit amount likely to be received. In the lifestyle arrangement made available through the Scheme (see Appendix 1), the Trustees change the proportion and type of investments so that in the run up to retirement the investments gradually start to move closely to match how the Trustees expect members to access their retirement savings. The Trustees keep under review the appropriateness of the default investment strategy.
Retirement income risk	<p>The risk that a member's retirement income falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid. The Trustees periodically review the appropriateness of the default investment strategy to ensure member outcomes can be maximised.</p> <p>Communications to members will seek to encourage them to regularly review the level of their contributions, but ultimately this is a risk which lies with each member.</p>
Market risk	Each investment manager is expected to manage properly diversified portfolios and to spread assets across a number of individual shares and securities.
Currency risk	The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Loss of investment	The risk of loss of investment by the investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).
ESG risks	The risk posed by environment, social and governance factors (including, but not limited to, climate change).

7. Expected return on investments

- 7.1. The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, whom they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.
- 7.2. The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

Annual governance statement 2021 (continued)



8. Realisation of investments

- 8.1. The Trustees have delegated the responsibility for buying and selling investments to the investment managers.

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Incentivising alignment with the Trustees' investment policies

- 10.1. When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.
- 10.2. The Trustees carry out a strategy review periodically where they assess the continuing relevance of the strategy in the context of the Scheme's membership and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on an annual basis.
- 10.3. In the event that an investment manager ceases to meet the Trustees' desired aims, including the management of ESG and climate related risks, using the approach expected of them, the Trustees will review this investment.
- 10.4. Investment manager ESG policies are reviewed upon appointment in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising assessments based on medium to long term, financial and non-financial considerations

- 10.5. The Trustees are mindful that the impact of ESG and climate change has a long-term nature. However, the Trustees recognise that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustees acknowledge this in their investment management arrangements.
- 10.6. When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over a rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustees expect this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

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- 10.7. The Trustees expect investment managers to be voting and engaging on behalf of the Scheme's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

- 10.8. The Trustees monitor the performance of their investment managers over medium to long term periods that are consistent with the Trustees' investment aims, beliefs and constraints.
- 10.9. The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less.
- 10.10. The Trustees believe that this fee structure enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.
- 10.11. The Trustees ask the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered periodically.

Portfolio turnover costs

- 10.12. The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the quarterly investment monitoring process.
- 10.13. During the investment manager appointment process, the Trustees may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

Duration of arrangement with asset manager

- 10.14. For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.
- 10.15. The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment beliefs is assessed periodically. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

11. Employer related investments

- 11.1. The Trustees' policy is not to hold any employer-related investments.

12. Agreement

- 12.1. This statement was agreed by the Trustees, and replaces any previous statements. Copies of this Statement and any subsequent amendments will be made available to the Premier League and Football League (as representatives of the Employer Clubs), the investment manager, and the Scheme auditor upon request. The Statement will also be published on a publicly available website.