

DUNI LIMITED PENSION SCHEME

SUMMARY FUNDING STATEMENT April 2022

Funding Update

As a person entitled to benefits from the Duni Limited Pension Scheme ("the Scheme") we are writing to give you an update of the Scheme's funding position. As you are aware the Trustees look after the Scheme and are required to monitor the funding position by obtaining an actuarial valuation every 3 years, the latest being that performed at 5th April 2022. In the years between these formal actuarial valuations the Trustees are required to obtain an approximate update of the funding position (called an "Actuarial Report").

The results from the draft Valuation at 5th April 2022 and the most recent Reports are set out below:

	Actuarial Report 5th April 2020	Actuarial Report 5th April 2021	Actuarial Valuation 5th April 2022
	£'000	£'000	£'000
Assets	11,472	16,100	17,664
Amounts needed to provide benefits	<u>19,217</u>	<u>19,500</u>	<u>18,419</u>
Shortfall	(7,745)	(3,400)	(765)
Funding Level	60%	83%	96%

The Scheme received a further payment of £500,000 from Duni Limited ("the Employer") in line with the agreed Schedule of Contributions agreed at the previous Actuarial Valuation dated 5th April 2019.

Scheme experience since 2021

As can be seen the draft Actuarial Valuation shows a significant improvement in the Scheme's financial position. The reduction in the shortfall is attributable mainly to the increase in the asset values as a result of both:

- a) higher than expected investment returns and
- b) deficit payments of £1,376,000 received from the Employer.

The value placed on the Scheme's liabilities has also fallen mainly due to the fact that experienced liabilities during the last 3 years were lower than that expected.

You will probably be aware that subsequent to the valuation date of 5th April 2022, financial markets have been volatile and, in particular, interest rates have increased. As interest rates on Government Bonds largely determine the actuarial discount rates used in calculating the

Scheme's liabilities this has meant that the Scheme's liabilities have fallen since 5th April 2022. Asset values, principally invested in equities, were largely unaffected by interest rate increases with the result that the Scheme overall has moved from a deficit at 5th April 2022 to a surplus.

Our actuaries, in their draft valuation report for 5th April 2022, have made an estimate of what the surplus may be at 31st October 2022. Whilst the valuation is approximate and not subjected to the full rigours of a full valuation, they have concluded that the Scheme now enjoys a surplus of approximately £4.7 million, after accounting for the £500,000 deficit payment received in October 2022, with a funding level of 137%.

Investment Policy

You may recall in our previous Funding Statements that the volatility in the level of the Scheme's deficits was mainly the result from the performance of our investments, primarily equities, not matching or moving in unison with the pension obligations, mainly determined by movements in Government Bonds. This mismatch has worked in our favour recently such that at 31st October 2022 there is a surplus.

The Trustees also advised in previous Funding Statements that at the appropriate time it was our intention to invest in assets that matched the pension obligations so that we would avoid the volatility that we have experienced to date. We had started this process in a relatively minor way in the last few years but with the surplus that we now have the Trustees considered that now was the time to make significant changes to our investment profile. The changes involved committing a substantial proportion of the scheme's assets to investment in Government Bonds of a suitable term and type to meet the benefits as and when they fall due. This change was completed towards the end of 2022.

This change in the structure of investments is demonstrated clearly in the breakdown of invested assets of the Scheme at 31st December 2022 compared to 5th April 2022 which is summarised below:

	April 2022	December 2022
UK Equities	23.20%	4.51%
Overseas Equities	45.08%	8.47%
Emerging Markets/Far East Equity	9.18%	1.39%
Government/Corporate Bonds	7.98%	80.91%
Property Funds	5.70%	0.00%
Alternative	4.60%	0.67%
Cash, AVCs and other assets	4.26%	4.05%

The Trustees' investment strategy is set out in the Statement of Investment Principles (SIP).

Payment to Duni Limited

The Trustees are required by law to inform you if there were any payments made by the Scheme to Duni Limited. The Trustees can confirm no payment has been made to Duni Limited out of Scheme funds since the last Summary Funding Statement was issued.

How is the amount the Scheme needs worked out?

The Trustees obtain regular valuations of the benefits earned by members. Using this information, the Trustees come to an agreement with Duni Limited on future contributions.

The importance of the support of Duni Limited

The Trustees' objective is to have sufficient assets in the Scheme to pay pensions now and in the future. Duni Limited is an integral part of the plan to achieve this goal because:

- the Scheme needs Duni Limited to cover any shortfall in assets of the Scheme against its financial obligations should this occur; given the surplus at 30th October 2022 and the change in investments to match pension obligations for the future this requirement is less likely than in previous years
- the target funding level may be insufficient and Duni Limited will be required to support the Scheme

The Trustees are very pleased to report that, to date, Duni Limited has met and continues to meet its obligations to the Scheme. Their commitment to the Scheme has been substantial over the past few years.

What would happen if the Scheme started to wind up?

As part of the actuarial valuation, the actuary also looks at the funding levels of the Scheme if it was wound up. Including this information in this report does not mean that Duni Limited or the Trustees are planning to wind up the Scheme. The Trustees are required by law to give you this information but, whilst the Scheme remains ongoing, even if funding is temporarily below budget, benefits will continue to be paid in full.

In the unlikely event the Scheme commenced winding up, Duni Limited is required to pay enough into the Scheme to enable the members' benefits to be completely secured with an insurance company. It may be, however, that Duni Limited would not be able to pay this full amount. If Duni Limited became insolvent, in normal circumstances the Pension Protection Fund ("PPF") would take over the Scheme and pay compensation to members.

The PPF was set up in 2005 to compensate members of eligible UK pension schemes which are wound up when the employer is insolvent and the scheme does not have enough assets to cover the prescribed level of members benefits. All eligible pension schemes including the Duni Limited Pension Scheme are required to pay a levy to the PPF each year. To date, Duni Limited has paid this levy on behalf of the Scheme. Further information and guidance is available on the Pension Protection Fund's website at www.ppf.co.uk, or you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

If the Scheme had been wound up at 5th April 2022 the actuary estimated that the assets would be sufficient to cover 78% of members' accrued benefits, the estimated deficit being £4,928,000. This deficit will have reduced since that date and will be reassessed formally at the next actuarial valuation at 5 April 2025.

Why does the funding plan not call for full solvency at all times?

The full solvency position assumes that benefits will be secured by buying insurance policies. Insurers are obliged to take a very cautious view of the future and need to make a profit. The cost of securing pensions in this way also incorporates the future expenses involved in administration. By contrast, our funding plan assumes that Duni Limited will continue in business and support the plan.

A Statement from the Actuary

“By law, the Trustees are required to appoint a Scheme Actuary to advise on all aspects of the Scheme’s finances, for example he advises on the level of contributions required to achieve the funding target. The sponsoring employer is also required to take actuarial advice, for example in relation to the pensions aspects of the Employer accounts.

In order to provide this advice, the Scheme Actuary, and the actuary commissioned by the sponsoring employer, may process your personal data, for example your date of birth, your gender, and the amount of your pension, as it is this personal data which defines the value of the liabilities that the Scheme must meet in the future.

Your personal data will always be kept secure and will only be used by the actuaries for the purposes of providing advice in relation to the Scheme.

For information, the appointed Scheme Actuary is Chris Atkin of Atkin & Co Limited. Atkin & Co Limited are also appointed to provide actuarial advice to the sponsoring employer.

Protect Your Pension

Pension scams can be hard to spot. They often involve unusual, high risk investments like overseas property, renewable energy bonds, forestry, parking or storage units. If it sounds too good to be true then it probably is.

Scammers are sophisticated, opportunistic and will try to get personal details or money from victims in many ways. Things to watch for are:

- Unexpected contact – cold calling about pension transfers is illegal so just hang up. Similarly if you get unexpected texts or emails ignore them
- Time pressure – time limited offers such as bonuses or discounts; don’t be rushed into any decisions
- Social proof – beware of fake reviews
- Unrealistic returns – if it sounds too good to be true then it probably is
- False authority – scammers may claim to be regulated. You can check if the firm you are dealing with is authorised by the Financial Conduct Authority (“FCA”) by searching the FCA website at www.register.fca.org.uk
- Flattery and being friendly with you – scammers will try to build a friendship with you to lull you into a false sense of security

The FCA website has more information on pension scams at www.fca.org.uk/scamsmart and more information can also be found on the Scheme website.

The Pensions Regulator

The Pension Regulator regulates work-based pension scheme in the UK. It's aims include protecting members benefits and promoting good scheme administration. You can find more information at www.thepensionsregulator.gov.uk

The Trustees need to tell you if the Regulator has used his powers in relation to the Scheme over the last year. The Pensions Regulator has made no such use of its powers to modify the Scheme or impose a direction or schedule of contributions.

Where can I get more information?

Additional documents are available to view on the Scheme website:

www.members.pensionpal.co.uk/DuniPensionScheme

The Statement of Investment Principles - this explains how the Trustees invest the money paid into the scheme and how the investment policy has been implemented.

The Schedule of Contributions - This shows how much money is being paid into the scheme.

The Annual Report and Accounts of the Duni Limited Scheme which shows the scheme's income and expenditure in the year up to April 2022.

The Duni Limited Pension Scheme Booklet.

Other Matters

If you are not getting a pension from the scheme a statement of expected benefits is available upon request

Yours sincerely

Felix G Murray
Multiplex Pension Trustees Limited

On behalf of:
The Trustees of the Duni Limited Pension Scheme
Multiplex Pension Trustees Limited
York House
York Street
Manchester
M2 3BB

Telephone: 0161 413 8842
Email: pensiontrust@multiplex.org.uk