

COURTIERS INVESTMENT SERVICES LIMITED
GOVERNANCE ADVISORY ARRANGEMENT ('GAA')
STATEMENT FOR THE PERIOD: 6TH OCTOBER 2015 TO 5TH APRIL 2016
PREPARED IN ACCORDANCE WITH THE
FINANCIAL CONDUCT AUTHORITY'S CONDUCT OF BUSINESS RULES (COBS 19.5.5)

1. INTRODUCTION

The GAA was established on 2nd September 2015 by COURTIERS Investment Services Limited ("the Provider") in partnership with PS Independent Trustees Limited ("PSIT"), a firm of professional trustees with experience of workplace pension schemes and the governance of defined contribution pension schemes.

The GAA is constituted with 5 individual members forming the GAA committee. To ensure independence of the GAA from the Provider, the majority of the GAA members are provided by PSIT and the remaining members are provided by COURTIERS Investment Services Ltd.

The GAA has a duty to protect the interests of members of workplace pension schemes operated by the Provider.

As a minimum, the GAA has a duty to:

- act solely in the interests of policyholders ('members');
- operate independently from the Provider, in accordance with the GAA's Terms of Reference;
- assess and where necessary, challenge the Provider on whether the workplace pension scheme provides value for money for members.

The GAA must provide yearly reports to members on how the workplace pension schemes operated by the Provider have performed.

The workplace pension schemes marketed by the Provider have only been available for a relatively short period of time and this statement reflects the contemporary nature of the products under review.

The workplace pension scheme covered by this report is:

➤ ***The COURTIERS Group SIPP*** ('the Group SIPP')

This workplace pension scheme was established with effect from 6th October 2015.

1.1 Terms of Reference

A copy of the GAA Board's Terms of Reference and contact address for queries is available at: www.courtiers.co.uk

1.2 Further information

Information on members of the GAA is available at: www.courtiers.co.uk

2. SUMMARY

The GAA has considered the ongoing value for money for members of the workplace pension scheme operated by the Provider through assessing, for example:

- 2.1 that the default investment strategies are designed and executed in the interests of members with default fund investment, and
- 2.2 that the Provider
 - at the launch of the Group SIPP, had appropriately designed the characteristics and net performance of the proposed initial investment strategies, to ensure these are aligned with the interests of members;
 - will undertake regular future reviews of the investment strategies to ensure they continue to be aligned with the interests of members;
 - will act to make changes that the Provider or GAA considers necessary.
- 2.3 that core scheme financial transactions are processed promptly and accurately;
- 2.4 the levels of charges borne by members;
- 2.5 the direct and indirect costs incurred as a result of managing and investing and activities in connection with the managing and investing of members' pension savings, including transaction costs.

3. DEFAULT ARRANGEMENTS

The Provider has undertaken post-launch a limited assessment of the default investment strategy offered and the investment performance of the initial default fund in the period covered by this report to ensure appropriateness.

The initial default strategy available to members is:

➤ *The COURTIERS Balanced Lifestyle Strategy (Targeting Annuity)*

The initial default strategy was made available to Group SIPP investors by the Provider with effect from **6th October 2015**.

In the period covered by this report, it is too early for the GAA to undertake a meaningful review of whether the default investment strategy is meeting the requirement of being designed in the best interests of relevant scheme members, with a clear statement of aims and objectives, and an objective and structure that is appropriate to the scheme members. A more detailed assessment of these requirements will be undertaken in future reports.

The Provider has made information available to the GAA regarding the default strategy's characteristics, underlying investments and member take-up. However, a full and meaningful review of the initial default strategy has not been undertaken during the period covered by this report as it is too early to do so following the launch of the Group SIPP on 6th October 2015.

The GAA is satisfied at this time that there are no areas of concern in relation to the initial default strategy.

4. INVESTMENT STRATEGIES

The other (non-default) investment strategies and funds were made available to Group SIPP investors by the Provider with effect from **6th October 2015**.

The current range of non-default investment strategies and funds available to all members of the Group SIPP are set out below:

- COURTIERS Cautious Lifestyle Strategy (Targeting Annuity)
- COURTIERS Adventurous Lifestyle Strategy (Targeting Annuity)
- COURTIERS Cautious Lifestyle Strategy (Targeting Cash)
- COURTIERS Balanced Lifestyle Strategy (Targeting Cash)
- COURTIERS Adventurous Lifestyle Strategy (Targeting Cash)
- COURTIERS Cautious Lifestyle Strategy (Targeting Drawdown)
- COURTIERS Balanced Lifestyle Strategy (Targeting Drawdown)
- COURTIERS Adventurous Lifestyle Strategy (Targeting Drawdown)
- COURTIERS Global (ex-UK) Equity Income Fund I Shares
- COURTIERS UK Equity Income Fund I Shares
- COURTIERS Investment Grade Bond Fund I Shares
- COURTIERS Total Return Cautious Risk Fund A Shares
- COURTIERS Total Return Balanced Risk Fund A Shares
- COURTIERS Total Return Growth Fund A Shares
- Goldman Sachs Sterling Liquid Reserves (Cash) Fund

This range of non-default investment strategies and funds may be changed over time.

Members may also self-select alternative investment strategies and funds with the agreement of the Provider subject to the usual legal restrictions on pension investments.

In the period covered by this report, it is too early for the GAA to undertake a meaningful review of the other (non-default) investment strategies and funds offered and their performance.

The Provider has made information available to the GAA regarding the default investment strategies and funds' characteristics, underlying assets and member take-up. However, a full review of the initial default investment strategies has not been undertaken during the initial period covered by this report.

The GAA is satisfied at this time that there are no areas of concern in relation to the other (non-default) investment strategies that have been identified or brought to its attention.

5. CORE FINANCIAL TRANSACTIONS

In the GAA's view, the following are core financial transactions:

- The timely investment of member contributions;
- The timely investment of contributions paid in respect of members;
- The processing of transfer payments paid in from other pension arrangements;
- The processing of transfer payments paid out to other pension arrangements;
- The transfer of members' assets between different investment strategies and funds available to members; and
- The prompt payment to, or in respect of, members.

In the limited period covered by this report and in the GAA's view in light of discussions with the Provider, the core financial transactions have been processed promptly and accurately. The GAA is seeking the necessary evidence from the Provider to confirm the following on an on-going basis:

- the regular reporting on timescales for processing the core financial transactions and the reporting of errors / complaints statistics, where appropriate;
- where regular contributions are made, that the investment of the contributions is made once cleared funds are available in the Cash Account(s). The SLA for the investment of the contributions is one working day from receipt of contributions providing all information is available;
- that the Provider undertakes a sweep of the Cash Accounts(s) at least once per month to ensure there are no uninvested contributions;
- for transfer payments paid out to other pension arrangements, that the Provider has procedures in place to undertake appropriate checks to ensure the receiving scheme is not a liberation arrangement. The Provider aims to provide a streamlined process for transfers out but additional checks are undertaken where the receiving scheme is considered unusual. The Provider monitors the SLAs in relation to transfer payments but notes that some aspects of the process (relating to receiving information) are often out of the Provider's control;
- for any qualifying schemes for Auto Enrolment purposes, that the Provider undertakes checks of contributions received against the salaries notified to it. Any errors are identified and brought to the attention of the employer(s) concerned;
- that the Provider also undertakes reviews where there are increases or decreases to the level of the expected contributions. Any errors are identified and brought to the attention of the employer(s) concerned.

The Provider has confirmed to the GAA that, regardless of the date of processing, all transactions have been processed in accordance with the contractual terms / schedule of contributions / payment schedule in place.

The Provider has also confirmed that it has not been necessary to 'backdate' any member or employer contributions received to reflect the request date(s) and no members have suffered any loss because of any delay.

The GAA is aware of four members whose contributions have been paid to the Group SIPP on an ad hoc basis, not in accordance with any contractual terms, schedule of contributions or payment schedule in place. The Provider has confirmed that it is working with the employer to rectify this. Although the Provider has brought this to the GAA's attention, strictly the employer and members do not fall within the GAA's remit as the employer has not yet reached its staging date for Auto Enrolment purposes.

The GAA is satisfied that during the limited period under review and based on the confirmations provided to it by the Provider, there are no areas of concern in relation to the processing of the core financial transactions.

6. CHARGES AND TRANSACTION COSTS

- 6.1 The Provider has agreed that a default investment arrangement can be used by the scheme employers to meet their 'auto-enrolment duties' in accordance with the regulations. In providing the default investment arrangement, the Provider has confirmed that the charges are within the range permitted by legislation.

The Provider has confirmed that all other charges and transaction costs are borne by the Provider.

Please refer to the **Appendix 1** for details of the charges applying to the default investment arrangement.

- 6.2 The charges and transaction costs that apply to the other (non-default) investment strategies and funds (that is those investment strategies and funds where the member has made an active choice) range from 0.75 % to 1.83 % of each member's assets invested in the relevant strategy or fund.
- 6.3 The Provider has confirmed to the GAA that it may charge additional fees to the employer(s) directly for the costs of the administration of the Group SIPP. These are not member-borne and therefore out of scope of this report, but are included for completeness. The Provider operates on a 'per-member/per-year' fee, billed to the employer(s) on a regular basis.
- 6.4 The GAA has assessed the extent to which the charges and transaction costs set out above represent good value for money in the period covered by this report and concluded that:
- the initial non-default investment strategies and the current default investment arrangement offer members good value for money.

7. MEMBER COMMUNICATIONS

- 7.1 The Provider has confirmed to the GAA that it has in place a suite of literature for issuance to employers and employees as appropriate and copies of the key documents were provided to the GAA. The GAA has assessed these as being appropriate with sufficient detail to enable members to make informed decisions.
- 7.2 Members are provided with detailed information relating to the Group SIPP on joining, including information concerning the default investment arrangement and alternative investment strategies, how to opt out, the level of member borne scheme charges, projected retirement forecasts, COURTIERS' complaints procedure, how to contact the GAA and where to access copies of its Reports.

8. GAA CONCERNS

The GAA has not raised any concerns with the Provider in relation to the value for money for members of the Group SIPP.

The GAA has not escalated any unresolved concerns to the Financial Conduct Authority ('FCA').

The GAA has not needed to notify members or their respective employers of any concerns.

9. GAA EXPERTISE

The GAA has sufficient expertise, experience and independence to act in members' interests and this is evidenced by:

- The appointment of a professional trustee company, PS Independent Trustees Limited ('PSIT'), to ensure the independence of the GAA from the Provider;
- Three individuals from PSIT have been appointed to the GAA;
- PSIT is experienced in relation to trust based defined contribution (DC) pension schemes. These trust skills are appropriate for the provision of a GAA to the Provider's workplace pension schemes;
- PSIT has wide experience of pension scheme governance and working on committees;
- Two of the three individuals from PSIT also act for a GAA to the workplace pension schemes of another FCA regulated firm;
- As part of a wider benefit consulting group, PSIT has access to technical resources and expertise relevant to the GAA;
- Two individuals from COURTIERS Investment Services Ltd, an FCA authorised firm, have also been appointed to the GAA. This ensures good communication with the Provider and the free-flow of information;
- COURTIERS has a 30+ year history of dealing with corporate trust-based and contract-based pensions and directly employs a number of pensions specialists;
- The two individuals from COURTIERS are both Chartered Financial Planners with, collectively, more than 20 years' experience with group pensions;
- Both PSIT and the Provider understand the FCA's requirements in relation to the duties of the GAA;
- The majority of the GAA members are therefore independent of the Provider;
- Each independent member meets the requirements of COBS 19.5.12 G.

10. MEMBER REPRESENTATION

The GAA is required to consider members' interests. To support this, the Provider has put the following arrangements in place:

- all key communications issued by the Provider to members has included reference to the GAA;
- all key communications issued by the Provider to employers will include reference to the GAA;
- the Provider will seek the support of the employer(s) to encourage feedback from members;
- information on the GAA is available to all members through the Provider's website.

Signed by Simon Riviere of PS Independent Trustees Ltd, as Chair of the COURTIERS Investment Services Ltd GAA

Chair SIMON RIVIERE

Date 4th April 2016

APPENDIX 1 – CHARGES AND TRANSACTION COSTS

Default investment strategy:

➤ *The COURTIERS Balanced Lifestyle Strategy (Targeting Annuity)*

The Charges and Transaction Costs relating to the above default investment strategy are set out below::

Type of charge	Description	Amount
Initial charge	One off charge taken before or after an investment is made	None
Redemption charge	One off charge taken before or after an investment is made	None
Ongoing charges	Charges taken from the Fund over a year	0.75%
Performance fee	Charges taken from the Fund under certain specific conditions	None

Summary:

- All costs and charges for the above default investment strategy are within the 0.75% charge cap;
- All costs above 0.75% TER are absorbed by COURTIERS and are not passed on to members;
- There are no other additional costs or charges that are passed on to scheme members;
- The Provider may charge additional fees to the employer(s) directly for the costs of the administration of the Group SIPP. These are not member-borne and therefore out of scope of this report, but are included for completeness. The Provider operates on a 'per-member/per-year' fee, billed to the employer(s) on a regular basis.