

Panavision Europe Pension and Life Assurance Scheme – Chair’s Statement

Scheme Year ended 30 June 2024

Regulations effective from 6 April 2015 require pension trustees to prepare a statement showing how they have met certain minimum governance standards in relation to defined contribution benefits. As Chair of the Trustees, it is my pleasure to report to you on how the Trustees have embedded these standards over the Scheme year.

These standards cover the following areas relating to the Scheme’s defined contribution benefits, namely:

1. The default investment arrangement and its asset allocation
2. Core financial transactions
3. Charges and transaction costs
4. Net investment returns
5. Value for members
6. The Trustees’ knowledge, understanding, and,
7. Statement of DC Governance

As Chair of the Trustees of the Panavision Europe Pension and Life Assurance Scheme (“the Scheme”) it is my pleasure to provide this Statement covering the period 1 July 2023 to 30 June 2024.

This Statement does not contain advice in respect of actions that members should take and is not intended to be used for that purpose. If members need advice, they can visit the Money Helper website at: <https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser>

If you choose to use a regulated financial adviser, please be sure to check their area of expertise. The adviser will inform you of any charges that apply in return for their advice.

If you are aged over 50, you can also obtain free and impartial pensions information from a government service called Pension Wise, which can be accessed via the Money Helper website <https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise> or by telephoning 0800 011 3797.

This statement will be published on a publicly available website (<https://uk.panavision.com/legal>) and a link will be provided in the annual benefit statements.

1. Default Investment Option

The Trustees are responsible for establishing a default investment option for members who do not select their own investment options from the fund range available and for reviewing this arrangement at least once every three years.

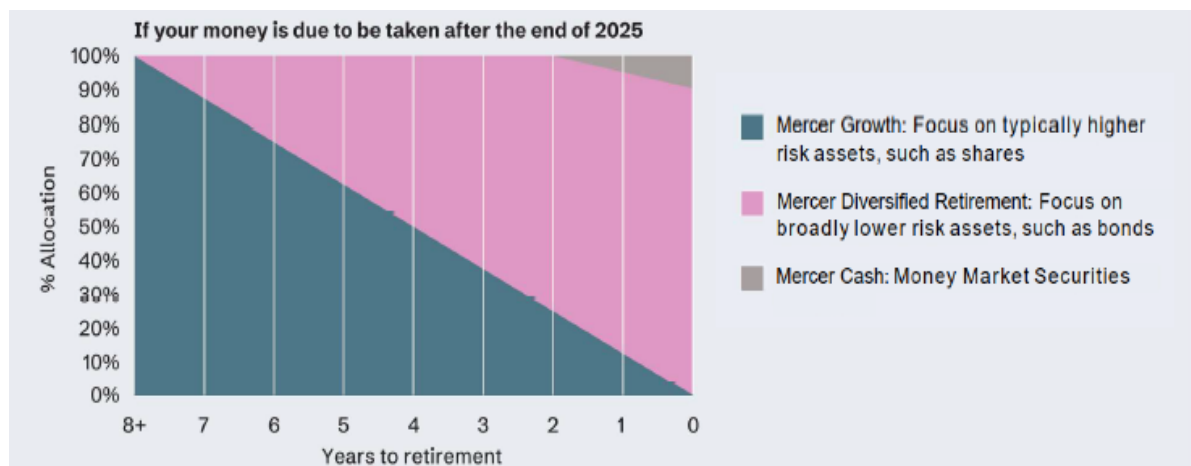
The last detailed review of the default investment option was carried out in December 2021 and concluded that the default investment option, the Target Drawdown Retirement Path, remained appropriate with no changes made as a result of this review. The review also covered the alternative lifestyle strategies and range of self-select fund options and concluded that these remained appropriate for members.

As part of this review, the Trustees also conducted a member survey seeking views on what type of ESG fund might be preferred by members which led the Trustees to add the Mercer Sustainable Global Equity Fund as a new self-select fund option from July 2022.

Elements of the investment strategy of the Scheme have been delegated to Mercer Workplace Savings ('MWS'). This includes strategic and tactical asset allocations along with manager selection. MWS review the continued appropriateness and suitability of the investment solutions underlying the Scheme on an annual basis.

MWS implemented some changes to the glidepath of the default investment option. This included changing the Target Drawdown Retirement Path in January 2023. For members targeting retirement from January 2026 onwards, the aim was to improve inflation protection and reduce the 'cash drag' on returns whilst continuing to offer some protection to the value of a member's pension savings, which is more appropriate for members targeting drawdown who are likely to keep the majority of their funds invested after retirement. The Target Drawdown Retirement Path will now introduce the cash allocation two years from retirement as opposed to the previous three years, and also reduce the cash allocation to 10% at retirement as opposed to the previous 25%.

Members retiring from January 2026



Members retiring before January 2026



Following their 2024 review, MWS have recommended changes to the composition and glidepath of the default investment option, the Target Drawdown Retirement Path, and the alternative lifestyle options, the Target Annuity Retirement Path and the Target Cash Retirement Path. The changes include introducing a new fund, the Mercer Long Term Growth Fund, until 16 years to retirement, before de-risking into the existing Mercer Growth Fund until 8 years to retirement, when the lifestyles begin further de-risking into their current retirement targeting funds. The introduction of the Mercer Long Term Growth Fund is intended to increase younger members' exposure to higher risk assets and therefore higher potential returns when they have a longer investment horizon to tolerate higher volatility. The extended glidepath is intended to provide some protection from the increased risk as members approach retirement. The Trustees will decide whether to adopt the proposed changes as part of their next detailed investment strategy review which has fallen due.

The Trustees and their professional advisers, Mercer Limited ("Mercer"), review the performance of the Scheme's investments, including the default investment option, against the stated objectives and benchmarks on a quarterly basis. Any concerns are raised with the investment manager via Mercer.

The Statement of Investment Principles (the "SIP") has been prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 and subsequent legislation dated October 2016. The SIP covers our aims and objectives in relation to the default investment arrangement, as well as our policies relating to matters such as risk and diversification. In addition to the default funds, the SIP covers alternate investment choices under the self-select fund range, covering a range of funds that our members can choose which was designed with their needs in mind.

In selecting the default investment option to target income drawdown at retirement, the Trustees believe that:

- The growth phase structure is designed to provide growth with some downside protection and protection against inflation erosion.
- The strategy appropriately seeks to reduce investment risk as the member approaches retirement.
- Based on their understanding of the membership, a strategy that targets income drawdown and a tax-free cash lump sum at retirement is likely to meet a typical member's requirements for income in retirement.

The Trustees have appended the SIP dated June 2024 and can be found here (<https://uk.panavision.com/legal>). The SIP was updated to include the Trustees' policy on investing in illiquid assets. The SIP will be updated again to reflect any changes that are made as a result of the investment strategy review that is currently in progress.

Asset Allocation of the Default Arrangement

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 ("the 2023 Regulations") introduced new requirements for trustees and managers of certain occupational pension schemes. For the first Scheme year that ends after 1 October 2023, trustees or managers of relevant occupational pension schemes, are required to disclose their full asset allocations of investments from their default arrangement.

Target Drawdown Retirement Lifestyle

Asset Class	Percentage allocation – Less than 58 years	Percentage allocation – 65 years (NRD)
Cash	0.32%	25.75%
Other Bonds	0.00%	0.00%
Corporate Bonds	7.17%	24.01%
Government Bonds	13.41%	21.69%
Listed Equities	71.18%	25.58%
Private Equity	0.00%	0.00%
Infrastructure	0.00%	0.00%
Property/Real Estate	1.98%	1.47%
Private Debt/Credit	0.00%	0.00%
Other	5.94%	1.49%
Total	100.00%	100.00%

Source: Mercer as of 30 June 2024. Figures may not add up to 100% due to rounding.

¹ The Drawdown Lifestyle allocation demonstrated in the table represents the asset allocation for a 65 year retiring before 2026. For members retiring after 2026, the asset allocation will change to reflect a smaller allocation to cash at retirement.

² All three lifestyles invest in the Mercer Growth Fund until 8 years before the target retirement date (we have assumed age 65 so the allocation at age 25,45 and 55 would be the same), before “de-risking” into different funds dependent on what the member is targeting at retirement.

³ Normal Retirement Age is 65 years, members can actively change this, however the end point asset allocation would remain the same. Likewise if a member remained invested past this age.

The following describes the types of investments covered by the above asset classes:

- **Cash** – Cash and assets that behave similarly to cash e.g. treasury bills. It only includes invested cash and not the cash balance held by the Mercer Growth Fund.
- **Bonds** – Loans made to the bond issuer, usually a government (Government Bonds) or a company (Corporate Bonds), to be repaid at a later date.
- **Listed Equity** – Shares in companies that are listed on global stock exchanges. Owning shares makes the Fund a part owner of the company, entitled to a share of the profits (if any) payable as dividends.
- **Private Equity** – Unlisted equities that are not publicly traded on stock exchanges. Encompasses a broad range of investment styles, including:
 - Venture Capital – Small, early-stage businesses that may have high growth potential, albeit at significant risk.
 - Growth Equity – Relatively mature companies that are going through a transformational event with potential for growth.
- **Property** – Real estate, potentially including offices, retail buildings which are rented out to businesses.
- **Infrastructure** - physical structures, facilities, systems, or networks that provide or support public services including water, gas and electricity networks, roads, telecommunications facilities, schools, hospitals, and prisons
- **Private Debt** – Other forms of loan that do not fall within the definition of a ‘Bond’.
- **Other** – Any assets that do not fall within the above categories.

2. Core Financial Transactions

As required by the regulations, the Trustees must ensure that core financial transactions have been processed promptly and accurately. As set out in Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the “Administration Regulations”), core financial transactions are broadly defined as:

- Investment of contributions made to the Scheme by members and their employer(s);
- Transfers into and out of the Scheme of assets relating to members;
- Switches of members’ investments between different funds within the Scheme; and
- Payments from the Scheme to or in respect of members (e.g. payment of death benefits).

The Trustees operate a system of internal controls to monitor the Scheme’s administration and management. Included in this system are mechanisms for ensuring the prompt and accurate processing of financial transactions.

During the Scheme year, the Scheme administrator, as appointed by the Trustees, changed from Mercer to Aptia, effective 1st January 2024. This change in administrator occurred due to Aptia buying Mercer’s Administration business. The Trustees have delegated the administration of Scheme member records and management of the Trustee bank account to Mercer and Aptia for their respective months over the Scheme year as professional third-party administrators. The Trustees appointed Scottish Widows to provide investment platform services to the Scheme.

The Payment Schedule sets out timescales for the employer to remit monthly contributions to the Scheme in accordance with legislative requirements. All contributions were received within the statutory deadline during the year.

The Trustees have set service level agreements (SLAs) with the respective administrator, which cover the accuracy and timeliness of all core administration processes, including core financial transactions. The service level standards are reviewed periodically to ensure they remain appropriate and meet legislative requirements. The processes adopted by Mercer and Aptia, respectively, to ensure SLAs are met include:

- Transactions recorded and monitored on the workflow system. Transactions consists of payments in, payments out as well as investment transactions.
- Member / policyholder transactions are independently checked via a quality queue within the workflow process.
- Investment deadline on receipt of DC contributions (receipt of reconciled and validated contribution data and money) hardcoded into workflow system which feeds into a central investment cycle spreadsheet that is monitored and reviewed to highlight exceptions.
- Daily monitoring of bank accounts (and separate cheque receipt log, which is reconciled daily and is maintained by a central treasury team).
- Two individuals checking all investment and banking transactions.
- Monthly reconciliation of contributions received.
- Input onto the administration system and any subsequent changes approved by an authorised individual.

In addition, the Scheme’s data quality was poor with 44% of common data being complete at 30 June 2024 and 53.4% of scheme specific data being complete at 30 June 2024. The Trustees monitor the length of time it takes for Aptia to complete case types. The Scheme’s target performance against

SLAs are shown in the table below. The Trustees are currently working with Aptia to understand how they can improve these scores.

Mercer’s and Aptia’s administration reports provide performance versus the SLAs respectively. During the year, the Trustees reviewed performance of the administrator against these service levels. Performance against SLAs was discussed, and the Trustees had the opportunity to raise any issues.

The Trustees receive the administrator’s assurance report on internal controls. During the Scheme year, the report was received from Mercer for the period 1 January to 31 December 2023 and included the Independent Service Auditor’s opinion that, in all material aspects, its controls were suitably designed and those tested operated effectively. The next assurance report will be received from Aptia for the year to 31 December 2024.

The Trustees appointed an independent auditor, Ernst and Young LLP, to carry out an annual audit of the Scheme, including the material financial transactions that have taken place during the Scheme year. The auditors carried out spot checks to ensure that contributions to the Scheme or payments made by the Scheme are paid in accordance with the Scheme’s rules.

The Scheme’s risk register details the key risks to Scheme members including those in relation to financial transactions, and considers the impact, likelihood, controls and mitigation steps for each risk. This register is monitored and reviewed on at least an annual basis.

Mercer’s performance and the agreed SLA time periods are provided on the next page.

SLA Description	SLA (# of days)	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Customer Experience Centre Contact	1	n/a	n/a	n/a	n/a
First Contact Team Contact	1	100%	90%	100%	100%
Data Change	15	100%	100%	100%	100%
Death – Acknowledgement	2	n/a	n/a	n/a	n/a
Death - Quotation	2	n/a	n/a	n/a	n/a
Death - Settlement	2	n/a	n/a	n/a	n/a
Divorce	62	n/a	n/a	n/a	n/a
DWP	28	100%	100%	100%	100%
Enquiry / Query	10	100%	97%	100%	96%
Leaver Deferred – Settle	19	100%	100%	100%	100%
New Entrants	15	100%	n/a	100%	100%
Individual Member Switch	8	100%	n/a	100%	n/a
Retirement - Settlement	13	100%	100%	100%	100%
Retirement - Quotation	10	93%	100%	100%	88%
Transfer Out - Quotation	20	100%	100%	100%	100%
Transfer Out - Settle	15	100%	100%	100%	100%
Total		99%	99%	100%	98%

*n/a in period means no cases were processed.

The Trustees will continue to seek the relevant details to support effective monitoring of these processes.

During the Scheme year there were no material administration service issues that needed to be reported here by the Trustees. The overall SLA performance for the Scheme year was 99%, which is an improvement from the previous Scheme year, demonstrating strong performance from the administration team. All Scheme contributions were received within the statutory deadline, all requests for information have been met within the statutory time limits and there were no reported breaches. The Trustees are confident that the processes and controls in place with the administrator are robust and will continue to ensure that core financial transactions are dealt with accurately and efficiently.

3. Charges and Transaction Costs

As required by the Administration Regulations, the Trustees are required to report on the charges and transaction costs for the investments used in the default investment option, as well as the wider fund choice available and their assessment on the extent to which the charges and costs represent good value for members.

The range of the levels of charges and transaction costs applicable to default arrangement during the period are detailed in this section.

In relation to transaction costs, we note that when buying and selling investments, transaction costs can be incurred. Transaction costs are not explicitly deducted from a fund but are captured in its investment performance (in other words, higher transaction costs will lead to lower fund returns). Due to the way in which transaction costs are required to be calculated, they can be negative or positive in nature; a negative figure is effectively a gain (on average) from trading activity, whilst a positive figure is effectively a cost from trading activity.

Charges relating to investment management are deducted from members' funds. The Scheme is used as a qualifying arrangement for auto enrolment (AE) and as such must comply with regulations on charge controls introduced from April 2015. Specifically, all of the default investment arrangements under the Scheme must have a Total Expense Ratio (TER) equal to, or below the charge cap of 0.75% p.a. of savings. The Trustees can confirm that this threshold is adhered to.

Charges related to investment management are deducted from members' funds. There are two different types of investment charges;

- the annual management charge ("AMC"); and
- total expense ratio ("TER")

The AMC includes the fee applied by the investment manager of the underlying funds. In addition to the investment manager charges, the AMC for the Scheme includes a platform charge from Scottish Widows and Mercer charges for intermediary services, investment governance and asset allocation. Further to these costs there is also a Trustee charge included in the AMC, through the unit price of the funds. This is used by the Trustees as a contribution towards the Scheme's administration expenses. The TER will be the same or higher than the AMC as it includes any additional expenses associated with the running and management of the funds such as custody costs (which may vary from time to time).

The table below shows the TER applicable for each of the funds available within the Scheme, including those underlying the Scheme's current default investment option. These charges are deducted from members' pension savings.

The table below shows the TER in each of the funds in which members held investments as at the date of this Statement. The funds underlying the Scheme's default arrangements are in bold text. The transaction costs shown in the table have been provided by Scottish Widows. As members approach retirement, their investments switch from the Mercer Growth/Balanced Risk fund into the Target Drawdown fund aligned to their retirement date. There are no performance related fees incurred within the Scheme.

Fund	TER (%, p.a.)	Transaction Cost (%, p.a.) ³
Mercer Defensive	0.420	0.148
Mercer Moderate Growth	0.383	0.124
Mercer Growth^{1,2}	0.365	0.124
Mercer High Growth	0.381	0.098
Mercer Target Drawdown 2025 Retirement Fund¹	0.410	0.106
Mercer Target Drawdown 2026 Retirement Fund¹	0.428	0.127
Mercer Target Drawdown 2027 Retirement Fund¹	0.423	0.129
Mercer Target Drawdown 2029 Retirement Fund¹	0.403	0.127
Mercer Target Drawdown 2028 Retirement Fund¹	0.413	0.128
Mercer Target Drawdown 2030 Retirement Fund¹	0.393	0.126
Mercer Target Drawdown 2031 Retirement Fund¹	0.383	0.125
Mercer Target Drawdown 2032 Retirement Fund¹	0.375	0.124
Mercer Drawdown Retirement Fund¹	0.406	0.102
Mercer Target Annuity 2025 Retirement Fund ²	0.286	0.011
Mercer Target Annuity 2026 Retirement Fund ²	0.297	0.029
Mercer Target Annuity 2027 Retirement Fund ²	0.307	0.043
Mercer Target Annuity 2028 Retirement Fund ²	0.326	0.058
Mercer Target Annuity 2029 Retirement Fund ²	0.338	0.073
Mercer Target Annuity 2030 Retirement Fund ²	0.349	0.085
Mercer Target Annuity 2031 Retirement Fund ²	0.361	0.100
Mercer Target Annuity 2032 Retirement Fund ²	0.373	0.120
Mercer Annuity Retirement Fund ²	0.277	0.004
Mercer Sustainable Global Equity Fund	0.724	- ⁴
Mercer Active Money Market Fund	0.245	0.016

Source: Scottish Widows, 30 June 2024.

¹ Used in the Scheme's default investment option - Target Drawdown Retirement Path.

² Used in the Scheme's alternative lifestyle investment option - Target Annuity Retirement Path.

³ Transaction costs cover the period 01/07/2023 to 30/06/2024 and represent annualised costs incurred by the fund manager within the underlying fund. Figures do not currently contain impacts of dilution adjustments incurred at the Scottish Widows fund level when Scottish Widows deals in the underlying funds.

⁴ Scottish Widows could not provide transaction costs for the Sustainable Global Equity Fund as it was not invested in by members over the Scheme year.

4. Net Return on Investments

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') require trustees of relevant occupational pension schemes to report on the net investment returns for their default arrangement(s) and for each fund that Scheme members are, or have been able to, select, and in which scheme members are invested during the scheme year. Net investment returns refer to the returns on funds minus all transaction costs and charges.

The tables below, which have been produced in line with statutory guidance, set out annualised net performance over the 1 and 5-year periods for the lifestyle arrangements (for age 25, 45, and 55) and for the self-select fund range.

For those members within 8 years to retirement the date of the fund corresponds to the year they are intending to retire. Over time the expected performance of the fund will change as the member approaches their selected retirement age and the investments change as described in the graphs on page 2 / 3.

Lifestyle Strategies

Target Drawdown Retirement Path	Annualised returns to 30 June 2024 (%)	
	1 year	5 years
Age of member		
25	9.3	4.2
45	9.3	4.2
55	9.3	4.0

Target Annuity Retirement Path	Annualised returns to 30 June 2024 (%)	
	1 year	5 years
Age of member		
25	9.3	4.2
45	9.3	4.2
55	9.3	3.9

Self-Select Funds

Self-Select funds	Annualised returns to 30 June 2024 (%)	
	1 year	5 years
Mercer Growth	9.3	4.2
Mercer Defensive	4.1	-1.8
Mercer High Growth	10.0	2.0

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

Please note, there are more funds available to members of the Scheme, however there were no members invested during the Scheme year.

Impact of Costs and Charges

Using the charges and transaction cost data provided by Scottish Widows and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustees have prepared illustrations detailing the impact of the costs and charges paid by representative members of the Scheme on their pension savings. The statutory guidance has been considered when providing these examples.

The illustrations that follow take into account the following elements:

- Initial pension savings value;
- Contributions, where applicable;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time period.

To illustrate the impact of charges on a typical active member's pension savings, we have provided the below illustrations, which accounts for all estimated member costs, including the TER, transaction costs and inflation.

Illustration 1: Typical Active Member

Projected Pension Savings in Today's Money						
Year End	Default: Target Drawdown Retirement Path		Most expensive fund: Mercer Sustainable Global Equity Fund		Least expensive fund: Mercer Active Money Market	
	Value with no Charges Incurred	Value with Charges Incurred	Value with no Charges Incurred	Value with Charges Incurred	Value with no Charges Incurred	Value with Charges Incurred
1	£84,914	£84,494	£84,807	£84,193	£81,642	£81,431
2	£92,918	£92,026	£92,691	£91,389	£86,073	£85,640
3	£101,213	£99,794	£100,851	£98,783	£90,483	£89,819
4	£109,810	£107,804	£109,296	£106,380	£94,871	£93,966
5	£118,719	£116,064	£118,037	£114,186	£99,237	£98,082
10	£166,788	£159,847	£166,550	£156,558	£120,754	£118,208
15	£212,512	£199,481	£224,169	£205,087	£141,753	£137,597

Notes:

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension savings values are shown in today's terms.
3. Starting age is assumed to be 50, with a normal retirement age of 65.
4. Starting pension savings assumed to be £77,190.
5. Starting salary is assumed to be £40,320, with total contributions of 12% p.a. of salary assumed.
6. Price inflation is assumed to increase 2.5% per year.
7. When allowing for the transaction costs within the growth assumptions, the Trustees have used an average of the transaction costs provided by Scottish Widows for the last five Scheme years (where available). This is because the transaction cost for each will fund will fluctuate, so using an average is likely to be more accurate over a long time period.
8. Charges, transaction costs and gross growth rates are assumed as follows:

	TER	Transaction costs	Growth rate assumptions
Default	0.365% p.a. for members eight or more years from retirement, rising to 0.428% p.a. for members approaching retirement	0.129% p.a. for members eight or more years from retirement; an average of 0.130% for members within eight years of retirement	6% p.a. before inflation for members eight or more years from retirement, falling to 3.05% p.a. before inflation for members at retirement
Mercer Sustainable Global Equity	0.724% p.a.	No transaction costs as no members are currently invested.	6% p.a. before inflation
Mercer Active Money Market	0.245% p.a.	0.014% p.a.	2% p.a. before inflation

Illustration 2: Youngest Active Member

Projected Pension Savings in Today's Money						
Year End	Default: Target Drawdown Retirement Path		Most expensive fund: Mercer Defensive Fund		Least expensive fund: Mercer Active Money Market	
	Value with no Charges Incurred	Value with Charges Incurred	Value with no Charges Incurred	Value with Charges Incurred	Value with no Charges Incurred	Value with Charges Incurred
1	£10,100	£10,050	£10,089	£10,016	£9,760	£9,735
2	£13,385	£13,267	£13,358	£13,186	£12,577	£12,519
3	£16,789	£16,585	£16,742	£16,444	£15,380	£15,283
4	£20,317	£20,006	£20,244	£19,791	£18,169	£18,026
5	£23,973	£23,534	£23,868	£23,231	£20,945	£20,748
10	£44,347	£42,898	£43,986	£41,900	£34,622	£34,060
15	£68,702	£65,479	£67,879	£63,283	£47,971	£46,884
20	£97,815	£91,812	£96,257	£87,772	£60,998	£59,238
25	£132,618	£122,521	£129,961	£115,820	£73,711	£71,140
30	£174,221	£158,333	£169,991	£147,943	£86,119	£82,605
35	£223,953	£200,095	£217,534	£184,735	£98,228	£93,651
39	£266,846	£234,841	£261,917	£217,981	£107,706	£102,195

Notes:

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension savings values are shown in today's terms.
3. Starting age is assumed to be 26, with a normal retirement age of 65.
4. Starting pension savings assumed to be £6,930.
5. Starting salary is assumed to be £24,960, with total contributions of 12% p.a. of salary assumed.
6. Price inflation is assumed to increase at 2.5% per year.
7. When allowing for the transaction costs within the growth assumptions, the Trustees have used an average of the transaction costs provided by Scottish Widows for the last five Scheme years (where available). This is because the transaction cost for each will fund will fluctuate, so using an average is likely to be more accurate over a long time period.
8. Charges, transaction costs and gross growth rates are assumed as follows:

	TER	Transaction costs	Growth rate assumptions
Default	0.365% p.a. for members eight or more years from retirement, rising to 0.428% p.a. for members approaching retirement	0.129% p.a. for members eight or more years from retirement; an average of 0.130% for members within eight years of retirement	6% p.a. before inflation for members eight or more years from retirement, falling to 3.05% p.a. before inflation for members at retirement
Mercer Sustainable Global Equity	0.724% p.a.	No transaction costs as no members are currently invested.	6% p.a. before inflation
Mercer Active Money Market	0.245% p.a.	0.014% p.a.	2% p.a. before inflation

Illustration 3: Typical Deferred Member

Projected Pension Savings in Today's Money						
	Default: Target Drawdown Retirement Path		Most expensive fund: Mercer Defensive Fund		Least expensive fund: Mercer Active Money Market	
Year End	Value with no Charges Incurred	Value with Charges Incurred	Value with no Charges Incurred	Value with no Charges Incurred	Value with Charges Incurred	Value with no Charges Incurred
1	£50,584	£50,334	£50,518	£50,153	£48,573	£48,447
2	£52,422	£51,905	£52,286	£51,532	£48,337	£48,087
3	£54,327	£53,526	£54,117	£52,950	£48,102	£47,729
4	£56,302	£55,197	£56,011	£54,406	£47,868	£47,374
5	£58,348	£56,921	£57,971	£55,903	£47,635	£47,022
10	£65,251	£62,044	£68,851	£64,026	£46,489	£45,299
14	£72,040	£67,021	£79,008	£71,366	£45,592	£43,966

Notes:

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension savings values are shown in today's terms.
3. Starting age is assumed to be 50, with a normal retirement age of 65.
4. Starting pension savings assumed to be £ 48,810.
5. Price inflation is assumed to increase at 2.5% per year.
6. When allowing for the transaction costs within the growth assumptions, the Trustees have used an average of the transaction costs provided by Scottish Widows for the last five Scheme years (where available). This is because the transaction cost for each will fund will fluctuate, so using an average is likely to be more accurate over a long time period.
7. Charges, transaction costs and gross growth rates are assumed as follows:

	TER	Transaction costs	Growth rate assumptions
Default	0.365% p.a. for members eight or more years from retirement, rising to 0.428% p.a. for members approaching retirement	0.129% p.a. for members eight or more years from retirement; an average of 0.130% for members within eight years of retirement	6% p.a. before inflation for members eight or more years from retirement, falling to 3.05% p.a. before inflation for members at retirement
Mercer Sustainable Global Equity	0.724% p.a.	No transaction costs as no members are currently invested.	6% p.a. before inflation
Mercer Active Money Market	0.245% p.a.	0.014% p.a.	2% p.a. before inflation

The Trustees acknowledge the requirement to publish these illustrations on a website (<https://uk.panavision.com/legal>) and this Statement will be available ahead of the deadline, which is seven months following the Scheme year end. This website will also be signposted on member's annual benefit statements.

5. Value for Members

The Trustees are required to assess the extent to which the Scheme delivers value for members across three key areas:

Assessment area	Type of assessment
Costs and charges	Comparative assessment against three larger DC arrangements, considering the level of ongoing member-borne charges and transaction costs.
Net investment performance	Comparative assessment against three larger DC arrangements, considering investment performance net of all member-borne costs and charges.
Governance and administration	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.

The Trustees have carried out a value for member assessment as at 30 June 2024. The conclusions of this assessment are set out in the table below:

Assessment area	Type of assessment
Costs and charges	<p>The Trustees have assessed the Scheme as offering reasonable value from a costs and charges perspective, relative to the three comparator schemes, considering the more active nature of the investment strategy.</p> <p>The Trustees have implemented some reductions in fund charges since last year which has improved the overall competitiveness of the Scheme.</p>
Net investment performance	<p>The Trustees have assessed the Scheme as offering reasonable value from a net investment performance perspective, relative to the three comparator schemes.</p> <p>The Scheme's default strategy has had mixed longer term investment performance relative to the comparator arrangements depending on the strategic asset allocation at different points along the strategy. Younger members have lagged the comparators whilst older members have received better returns. The investment design of the default strategy will be considered as part of the Trustees' next detailed investment strategy review (currently in progress).</p> <p>Performance of the two most popular self-select funds has also been mixed relative to the comparator arrangements largely due to the inherent differences in investment approach and asset allocation.</p>
Governance and administration	<p>The Trustees have assessed the Scheme as offering good value from a governance and administration perspective:</p> <ul style="list-style-type: none"> • All core financial transactions were processed promptly and accurately over the Scheme year, although we note some deviation from SLAs. • The Scheme holds all of the data required by law and has appropriate controls in place, with risks identified.

	<ul style="list-style-type: none"> • The default investment option remains appropriate, and a review was carried out in December 2021, with no changes made. The next detailed review will be completed within the next Scheme year. • The Scheme has appropriate investment governance procedures and policies in place and the parties involved understand their roles and have awareness of their authority. • The Trustees have a wide range of backgrounds, experience and skills and are confident that their combined knowledge and understanding enables them to exercise properly their function as the Trustees to the Scheme. • Members are communicated with appropriately via a range of media. • The Trustees have a Conflicts of Interest Register which is reviewed at each Trustee meeting and any new conflicts are recorded.
Overall	Overall, considering all three areas set out above, the Trustees have assessed the Scheme as offering reasonable value for members.

6. Trustee Knowledge & Understanding

In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustees are required to maintain an appropriate level of knowledge and understanding that, together with professional advice available to them, enables them to properly exercise their functions and duties in relation to the Scheme. This requirement has been met during the course of the Scheme year and the Trustees have undertaken regular training throughout the year.

The Trustees have put in place arrangements for ensuring that they take responsibility for keeping up to date with relevant developments and consider their training requirements. Training for the Trustees is provided regularly during meetings from the Scheme's pension consultant (Mercer). The Trustees assess any training gaps during their regular meetings and records of Trustee training are maintained.

The Trustees receive professional advice from Aptia (and previously Mercer) as administrator, Mercer as actuary and consultant, and Shoosmiths as their appointed legal advisors, to support them in reviewing the performance of the Scheme and in governing the Scheme in line with the Trust Deed and Rules. The Trustees consider the relevant skills and experience of those advisors and consider these to be key criteria when evaluating advisor performance and selecting new advisors. The advice received by the Trustees along with their own experience allows them to properly exercise their function as Trustees.

The Trustees are conversant with, and have a working knowledge of, the Trust Deed and Rules. If there are any ambiguities over the interpretation of the Rules, legal advice is sought from Shoosmiths.

The Trustees are conversant with, and have a working knowledge of, the current SIP. The Trustees undertake regular training on investment matters and review the investments held by the Scheme at each meeting.

The Trustees have a robust training programme in place for any newly appointed Trustees. Upon appointment, a Trustee is required to complete the Pensions Regulator's online training programme. The Trustee toolkit is expected to be completed within six months of appointment. New Trustees meet with the Chair of Trustees shortly after their appointment and are provided with an information pack and access to all Scheme documents and advisors.

All of the Trustees have completed the Pension Regulator's Trustee Toolkit training. The Trustees maintain a training log. The Trustees undertook the following training and education during the Scheme year:

- Training on Illiquid Assets (15/12/2023)
- DC News & Views (14/09/2023, 15/12/2023, 19/06/2024)– Various topics including SIP and Chair's Statement Requirements and Policy on Illiquid Investments with regards to the Default SIP and Chair's Statement, the outcome of the Autumn Statement and its impact on salary sacrifice, and the abolition of the Lifetime Allowance.
- ESG Update (15/12/2023) – Annual 2023 MWS ESG Report was covered for Trustees to understand the improvements to MWS's ESG integration in investment approach.

The Trustees undertook a number of activities over the past year, which demonstrate how they have a working knowledge of pension & trust law, funding & investment principles, the Trust Deed and Rules and the SIP. These activities include:

- Attendance at the 'Navigating the Autumn Statement' webinar;
- Review of the regulatory required annual Scheme Governance Documents;
- Advice received regarding the Scheme's Statutory Money Purchase Illustrations (SMPI) assumptions;
- Review of Investment Consultancy Objectives; and
- Evaluation of the annual MWS ESG Review and Annual MWS Strategy Review.

The Risk Register and Business Plan are reviewed and updated regularly. These demonstrate that the Trustees hold relevant knowledge on DC specific internal controls and the regulatory requirements. The Trustees also review and assess, on an ongoing basis, whether the systems, processes and controls across key governance functions are consistent with this set out in the Pensions Regulator's General Code of Practice. The Trustees continue to review the General Code of Practice, ensuring they have an Effective System of Governance (ESOG) and are ready for their first Own Risk Assessment (ORA). The Risk Register and Business Plans were last updated in May 2024, and discussed in the Trustee meeting 19 June 2024.

As a result of the training activities which have been completed by the Trustees and taking into account the professional advice available to the Trustees, the Trustees are confident that the combined knowledge and understanding of the Board enables it to exercise properly its function as the Trustees to the Scheme.

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 and I confirm that the above statement has been produced by the Trustees to the best of my knowledge.

Finally, I would like to thank both the Company and my fellow Trustees for their diligence and support in running the Scheme for the benefit of the members.

7. Statement of DC Governance

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (together 'the Regulations') and I confirm that the above statement has been produced by the Trustee to the best of my knowledge.

Signed for and on behalf of The Trustees of the Panavision Europe Pension and Life Assurance Scheme.

Date: _____

By _____

Jasminder Kalsey, Chair of the Trustees

Appendix – Statement of Investment Principles

Statement of Investment Principles – June 2024