

# Wolseley Group Defined Contribution Plan

## Chair's statement

---

### Introduction

Welcome to the annual report and financial statements covering the year to 31 July 2022 for the Wolseley Group Defined Contribution Plan (the "Plan"). I am pleased to present this report on behalf of the Trustee.

The Trustee, together with their advisers, have been reviewing the governance controls in line with the Pensions Regulator's Code of Practice 13 "Governance and administration of occupational defined contribution trust-based schemes".

At the date of the statement, The Trustee is Wolseley DC Plan Trustees Ltd, whose directors are: -

W Phelan and C Teagle (Chair) representing PSGS Trust Corporation Limited  
C Cottingham  
S Gray  
A Donaldson  
Vyoma Shah  
Simon Jebson

This Governance Statement has been prepared in accordance with regulation 23 of the Occupational Pension Scheme (Scheme Administration) Regulations ("the Administration Regulations") 1996 (as amended) by the Occupational Pensions Schemes (Charges and Governance) Regulations 2015 (together the "Administration Regulations"). It sets out how the Trustee has met the statutory governance standards which are central to running the Plan. In particular: -

- The default arrangement and other funds members can select or have assets in such as self select funds;
- Requirements for processing core financial transactions;
- Net return on investments;
- Charges and transaction costs borne by members;
- An illustration of the cumulative effect of these costs and charges;
- Value for Members assessment; and
- The Trustees compliance with the statutory requirements for trustee knowledge and understanding.

This statement covers the period from 1<sup>st</sup> August 2021 to 31 July 2022.

As Trustee we recognise the importance of robust governance and adopt good practice standards. We are also supported in our role by the Plan Sponsor (see page 2 of the accounts).

This Plan is used as a Qualifying scheme for auto-enrolment.

### Investment arrangements including the default arrangements

The range of options provided to members allows them to diversify across asset classes, if they wish, which should provide the levels of returns required by individual members at acceptable risk.

For those members who are willing to accept a greater level of volatility in pursuit of achieving a potentially higher value in their investment account, a global equity option is available. For those members who are less comfortable with the likely volatility of equities, self-select options with lower expected volatilities such as bonds are available.

In June 2016, the former Trustee reviewed the default and alternative lifestyle strategy in line with the Statement of Investment Principles and introduced three new lifestyle strategies. As a member approaches retirement, they can choose one of the three new protection phase strategies that best reflects their likely requirements for income in retirement. These are -

# Wolseley Group Defined Contribution Plan

## Chair's statement

---

Cash Lifestyle Strategy – for those members planning to take their Plan savings as a cash lump sum. This was the Plan's default investment option up to 24 June 2022 (see below). This remains the default option for those members within five years of their chosen Target Retirement Age.

Annuity Lifestyle Strategy – for those members planning to buy an annuity at their target retirement date. (An annuity is a fixed series of payments paid at regular intervals to someone for their rest of their life).

Income Drawdown Lifestyle Strategy – for members planning to leave their Plan savings invested and withdraw income flexibly over time outside of the Plan. From 24 June 2022 this is now the Plan's default investment option for members who do not make their own investment decisions and has been updated (see below).

The growth phase of these lifestyle strategies aims to give members access to tactical asset allocations and alternative asset classes, resulting in a better balance of return drivers and lower volatility of returns. De-risking into lower risk assets commences from 10 years to retirement,

The aims and objectives of the default arrangements as stated in the SIP are as follows:

- Significant long term real growth whilst members are far from their target retirement date;
- Gradually reducing the risk taken in the investment strategy as members become close to their target retirement date which means that members' assets are automatically moved between different investment funds as they approach their target retirement date and
- Having an asset allocation at the target retirement date that is appropriate and consistent with how most members are expected to take their retirement savings.

During the year ended 31 July 2022, the Trustee continued to monitor the performance and appropriateness of the lifestyle strategies at each quarterly meeting.

The Trustee takes advice from professional advisers to support them in managing the Plan's assets. The advisers monitor the performance of the investment managers against the agreed performance objectives and the Trustee receive quarterly reports on fund performance.

As reported last year the Trustee carried out a formal three-year review of the default and alternative investment strategy during 2021. These changes were due to be implemented during March 2022. However, due to high levels of investment market volatility, largely as a result of the events involving Russia and the Ukraine and on the advice of their professional investment consultants, Mercer, the changes were postponed and were duly implemented on the 24 June 2022 when the investment market volatility had stabilised.

The Trustee agreed to change the default investment from the Cash Lifestyle to the Income Drawdown Lifestyle strategy. Those members who were within five years of their Target Retirement Age transferred to the new Cash Lifestyle strategy.

The Trustee also agreed to change some of the funds that are used in the Lifestyle strategies. They agreed to introduce some Environment, Social and Governance (ESG) focussed funds to the Plans three lifestyle strategies:-

- Aegon BlackRock (30:70) currency Hedged Global Equity Fund was replaced by the Passive Global Equity Fund which takes account of ESG factors whilst also reducing the carbon exposure;
- DC Investor Multi Asset Fund added a third Manager, Nordea, with each of the underlying funds accounting for one-third of the fund;
- The speed at which a Lifestyle members accounts starts to switch out of stocks and shares has also been slowed down, so that they are invested in a higher allocation to stocks and shares for longer. The move into corporate bonds will start at 10 years from retirement and
- The Aegon BlackRock World ESG Equity Tracker Fund will be introduced as a self-select fund.

This Chair statement will cover both strategies as the changes took effect during the Plan year.

# Wolseley Group Defined Contribution Plan

## Chair's statement

---

### Investment Monitoring

The Trustee reviews both the performance of the Lifestyle strategies (including the default arrangement) and the underlying funds used within each of the Lifestyle strategies on a quarterly basis. The Trustee also reviews performance of each of the self-select fund options. This review includes an analysis of fund performance and member activity.

The Trustee also monitors the performance of the investment managers for all investment funds in conjunction with their advisers, against the agreed performance objectives. The Trustee may decide to replace an investment manager if it feels it is appropriate to do so.

The Trustee has sufficient and appropriate knowledge and understanding to provide sound and prudent oversight of the investment strategy and investment/risk management expertise to critically evaluate and oversee the investment strategy and associated risks.

### Statement of Investment principles

A copy of the Plan's latest Statement of Investment Principles (the "SIP"), dated 4<sup>th</sup> August 2022 which governs the Trustee's decisions about investments, including its aims, objectives and policies for the Plan's default arrangement, has been prepared in accordance with regulation 2A of the Occupational Pensions Schemes (Investment) Regulations 2005. A copy can be found after this statement, on page 42 of the accounts.

### Processing of core financial transactions

As required by the Administration Regulations, the Trustee must ensure that "core financial transactions" are processed promptly and accurately. Core financial transactions are (broadly):

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

The processing of core financial transactions are monitored daily by our administrator, Aegon who has implemented an internal control procedure that helps ensure that such transactions are processed promptly and accurately. This control procedure includes management of the receipt and timely investment of member and employer contributions, the accuracy of investment allocations and payment of benefits including transfers out and lifestyle investment switches. The Plan's administrators complete annual common and conditional data reports to ensure the quality of the Plan's data is maintained.

To help gain assurance that the core financial transactions are being dealt with promptly and accurately, the Trustee monitors the services against a service level agreement and review this via the quarterly administration reports and the annual administration assurance report.

SLA description	No. of days
Transfer Value quotations	57% in 5 days
Transfer value payment	99% in 1 day
Death case	88% in 5 days
Retirement quotation	81% in 5 days
General enquiry	86% in 5 days
Switch of investments	100% in 1 day

# Wolseley Group Defined Contribution Plan

## Chair's statement

---

The overall SLAs percentages achieved for the period were within the parameters set by the Trustee. Any cases that fell outside the SLA were identified by the administrators and reviewed by the Trustee.

Quarter	SLA
Quarter 3 2021	96%
Quarter 4 2021	91%
Quarter 1 2022	90%
Quarter 2 2022	90%
Average for Year	92.00%

If any issues were identified, they would be progressed and resolved by the Secretary to the Trustee with the Plan's administrators.

The auditor has confirmed that for the Plan year ended 31 July 2022 contributions have in their opinion, been paid in accordance with the agreed payment schedule dated 3 November 2020.

The processes adopted by Aegon to help meet the SLAs, include a periodic bank reconciliation exercises and a dedicated DC processing team. Aegon provides quarterly administration reports which provide:

- details of the administration performance against the agreed SLAs
- details of membership movements over the quarter
- details of financial transactions
- details of complaint cases

The Trustee believes the service standards agreed remain suitable and no issues were identified during the Plan Year.

The Trustee reviews the accuracy of the Plan's common data on a regular basis to ensure that financial transactions can be processed promptly and accurately.

Based on the above, the Trustee is satisfied that the Plan's core financial transactions have been processed promptly and accurately during the Plan Year.

# Wolseley Group Defined Contribution Plan

## Chair's statement

### Member-borne charges and transaction costs

Transaction costs and charges borne by the members may impact on their pension savings, so the Trustee keeps the level of these under review on an ongoing basis. Any changes to the costs and charges are brought to the attention of the Trustee by the investment advisers.

In accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustee has provided some example illustrations which show the impact of costs and charges on pension savings. The statutory guidance has been considered when providing these examples. The illustrations are based on the following information: -

Current age 16 Retirement Age 65 Current salary £26,000 Salary increase 3.5% per annum Future contributions paid 8% of salary increasing by 3.5% each year income drawdown lifestyle fund Fund value	Current age 41 Retirement Age 65 Current salary £26,000 Salary increase 3.5% per annum Fund Value £14,000(based on the median holdings within the Plan) Future contributions paid 8% of salary increasing by 3.5% each year income drawdown fund Fund value	Current age 59 Retirement Age 65 Current salary £ 26,000 Salary increase 3.5% per annum Fund Value £14,000, (based on the median holdings within the Plan ) Future contributions paid 8% of salary increasing by 3.5% each year income drawdown fund Fund value
--	--	--

The illustrations are found at the end of this section.

Each fund is subject to an Annual Management Charge (AMC). For the default fund, Trustee must not impose or permit to be imposed charges on a member which exceed 0.75% per annum (including additional expenses) of the value of the member's investments in the default arrangement.

The combination of the AMC and additional expenses is known as the Total Expense Ratio.

In addition to ongoing investment management charges, members may also incur transaction costs when investing contributions, switching their investments between the available investment funds or redeeming their investments. Aegon, as the platform provider, operates single swinging funds which is a technique used across a number of funds to reduce the impact of dilution and help protect existing investors. It aims to ensure that investors subscribing or redeeming from a fund bear the trading costs – the underlying bid-offer spreads and transactions costs. The total transaction costs are included in the tables below:

The default lifestyle strategy charges are detailed in the table below:

<b>Fund Name</b>	<b>AMC % p.a.</b>	<b>Additional Expenses % p.a.</b>	<b>Total Expense Ratio % p.a. As at 31 July 2022</b>	<b>Total Transaction Cost % p.a. As At 30 June 2022</b>
Aegon BlackRock (30:70) Currency Hedged Global Equity Index Fund	0.36	0.03	0.39	0.0022
DC Investor Multi Asset Fund	0.71	0.13	0.84	0.185
Aegon BlackRock Corporate Bond All Stock Index Fund	0.30	0.01	0.31	0.0322
Aegon BlackRock Cash Fund	0.25	0.03	0.28	0.015

\*All costs and charges are within the charges cap

# Wolseley Group Defined Contribution Plan

## Chair's statement

The annuity lifestyle strategy charges are detailed in the table below:

<b>Fund Name</b>	<b>AMC % p.a.</b>	<b>Additional Expenses % p.a.</b>	<b>Total Expense Ratio % p.a. As at 31 July 2022</b>	<b>Total Transaction Cost % p.a. As At 30 June 2022</b>
Aegon BlackRock (30:70) Currency Hedged Global Equity Index (BLK)	0.36	0.03	0.39	0.002
DC Investor Multi Asset Fund	0.71	0.13	0.84	0.185
Aegon LGIM Future World Annuity Aware Fund	0.35	0.00	0.35	0.00
Aegon BlackRock Cash Fund	0.25	0.03	0.28	0.015

\*All costs and charges are within the charges cap

The income drawdown lifestyle strategy charges are detailed in the table below:

<b>Fund Name</b>	<b>AMC % p.a.</b>	<b>Additional Expenses % p.a.</b>	<b>Total Expense Ratio % p.a. As at 31 July 2022</b>	<b>Total Transaction Cost % p.a. As At 30 June 2022</b>
Aegon BlackRock (30:70) Currency Hedged Global Equity Index (BLK)	0.36	0.03	0.39	0.002
DC Investor Multi Asset Fund	0.71	0.13	0.84	0.185
Aegon BlackRock Corporate Bond All Stock Index Fund	0.30	0.01	0.31	0.032
Aegon BlackRock Cash Fund	0.25	0.03	0.28	0.015

\*All costs and charges are within the charges cap

The charges for the self-select funds, in addition to those funds outlined above, are detailed in the table below:

<b>Fund Name</b>	<b>AMC % p.a.</b>	<b>Additional Expenses % p.a.</b>	<b>Total Expense Ratio % p.a. As at 31 July 2022</b>	<b>Total Transaction Cost % p.a. As At 30 June 2022</b>
Aegon BlackRock Emerging Markets Equity Index	0.35	0.05	0.40	0.00
Aegon LGIM Ethical UK Equity Index Fund	0.50	0.01	0.51	0.00
Aegon HSBC Islamic Global Equity Index Fund	0.50	0.00	0.50	0.00
Aegon BlackRock UK Equity Index Fund	0.30	0.01	0.31	0.072
Aegon BlackRock Index Linked Gilt Fund	0.30	0.00	0.30	-0.05
Aegon BlackRock All Stocks UK Gilt Index Fund	0.30	0.00	0.30	-0.05

# Wolseley Group Defined Contribution Plan

## Chair's statement

### Net returns on Investments

The Occupational Pensions Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduced new requirements for trustees of 'relevant' occupational pension schemes. From 1 October 2021 trustees of all relevant pension schemes are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges.

The tables below show performance, net of charges and transaction costs, of all funds available to members during the Plan year to 31 July 2022.

<b>Cash Lifestyle (old)</b>	<b>Annualised returns to 30 June 2022 (%)</b>	
<b>Age of member</b>	<b>1 year</b>	<b>5 years</b>
25	-8.2	6.0
45	-8.2	6.0
55	-7.6	3.5

<b>Cash Lifestyle (new)</b>	<b>Annualised returns to 31 July 2022 (%)</b>	
<b>Age of member</b>	<b>Since Inception (24 June 2022)</b>	
25	5.5	
45	5.5	
55	4.0	

<b>Drawdown Lifestyle (old)</b>	<b>Annualised returns to 30 June 2022 (%)</b>	
<b>Age of member</b>	<b>1 year</b>	<b>5 years</b>
25	-8.2	6.0
45	-8.2	6.0
55	-7.6	3.5

<b>Drawdown Lifestyle (new)</b>	<b>Annualised returns to 31 July 2022 (%)</b>	
<b>Age of member</b>	<b>Since Inception (24 June 2022)</b>	
25	5.5	
45	5.5	
55	4.0	

# Wolseley Group Defined Contribution Plan

## Chair's statement

Fund Name	Annualised returns to 31 July 2022 (%)	
	1 year	5 years
Aegon BlackRock 30:70 Currency Hedged Global Equity Index Fund	-3.0	6.9
Aegon BlackRock UK Equity Index Fund	4.8	3.6
Aegon BlackRock Emerging Markets Equity Index Fund	-9.6	2.3
Aegon LGIM Ethical Global Equity Index Fund	4.8	10.9
Aegon HSBC Islamic Global Equity Index Fund	3.9	14.7
DC Investor Multi-Asset Fund*	-5.2	2.3
Aegon BlackRock Corporate Bond All-Stocks Index Fund	-12.3	0.3
Aegon BlackRock Index-Linked Gilt Fund	-20.2	0.4
Aegon BlackRock All Stocks UK Gilt Index Fund	-13.9	-0.6
Aegon LGIM Future World Annuity Aware Fund	-18.8	-0.4
Aegon BlackRock Cash Fund	0.2	0.2

**Source:** Aegon

Performance shown net of all charges and transaction costs. Performance of standalone self-select options is independent of age, therefore performance is shown in a different format to the lifestyle performance on the previous page.

\* The underlying components of the DC Investor Multi-Asset Fund changes with the implementation of the new investment strategy on 24 June 2022. The underlying allocation changed from 50% BlackRock DC Diversified Growth Fund and 50% Insight Broad Opportunities Fund to 33.3% BlackRock DC Diversified Growth Fund, 33.3% Insight Broad Opportunities Fund and 33.3% Nordea Diversified Return Fund.

Fund Name	Return to 31 July 2022 (%)	
	Since Inception (24 June 2022)	
Passive Global Equity Fund*	5.5	
Aegon BlackRock ACS World ESG Equity Tracker Fund*	7.7	

**Source:** Aegon

Performance shown net of all charges and transaction costs. Performance of standalone self-select options is independent of age, therefore performance is shown in a different format to the lifestyle performance on the previous page.

\* These funds were added to the self-select fund range with the implementation of the new investment strategy on 24 June 2022.



# Wolseley Group Defined Contribution Plan

## Chair's statement

### Example illustration

#### Purpose of this example illustration

This isn't a personal illustration, it is based on the assumptions detailed later on in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds you invest in over time.

Fund transaction costs and charges total (%)					
	Income Drawdown Lifestyle (Current Default)	Cash Lifestyle (Previous Default)	Aegon BlackRock Cash (BLK)	Aegon BlackRock 30/70 Curr Hdg Global Eq Idx (BLK)	Investor Multi-Asset
Growth	-1.30% to 2.96%*	-1.30% to 2.96%*	-1.30%	3.00%	1.11%
AMC	0.25% to 0.77%	0.25% to 0.77%	0.25%	0.32%	0.77%
AAE	0.01% to 0.08%	0.01% to 0.08%	0.03%	0.01%	0.08%
TC	0.01% to 0.29%	0.01% to 0.29%	0.01%	0.03%	0.29%

\* The growth rate used for the Lifestyle funds vary through time based on the underlying asset mix

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

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

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

**TC** are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the average of the actual annual transaction costs for the period 01/07/18 to 31/07/22.

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

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

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

Years	Income Drawdown Lifestyle (Current Default)		Cash Lifestyle (Previous Default)		Aegon BlackRock Cash (BLK)		Aegon BlackRock 30/70 Curr Hdg Global Eq Idx (BLK)		Investor Multi-Asset	
	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges
1	2093.58	2089.01	2093.58	2089.01	2046.65	2043.44	2093.58	2089.47	2072.42	2059.62
3	6558.34	6517.71	6558.34	6517.71	6150.83	6123.73	6558.34	6521.76	6371.83	6261.17
5	11414.44	11297.72	11414.44	11297.72	10272.16	10198.43	11414.44	11309.33	10883.80	10575.20
10	25447.15	24928.85	25447.15	24928.85	20671.61	20385.72	25447.15	24980.06	23146.96	21874.78
15	42565.89	41263.39	42565.89	41263.39	31249.20	30621.22	42565.89	41391.28	36922.23	33954.14
20	63315.25	60724.68	63315.25	60724.68	42057.00	40964.12	63315.25	60977.47	52353.89	46872.88
25	88328.86	83796.70	88328.86	83796.70	53148.60	51473.84	88328.86	84236.16	69598.65	60695.11
30	118293.30	110966.79	118293.30	110966.79	64579.34	62210.37	118343.42	111736.83	88826.69	75489.77
35	151797.38	139950.84	151797.38	139950.84	76406.63	73234.59	154215.01	144130.80	110222.73	91331.05
40	186890.36	168018.73	186890.36	168018.73	88690.18	84608.65	196937.89	182162.69	133987.27	108298.72
45	218997.72	192271.09	218667.54	192060.97	101492.39	96396.27	247666.22	226683.25	160337.84	126478.62
49	239864.29	206848.71	231562.83	201843.04	112151.37	106168.23	294905.83	267619.98	183438.12	141957.15

#### About this illustration

Your current age is 16 and retirement age is 65.

Your current salary is £26,000 and will increase each year by 3.5%.

Future contributions paid will be 8% of your salary (£173.33 each month increasing by 3.5% each year in line with assumed salary increases).

The existing fund value is £14,000 which is based on the Average of the total holdings within the scheme. We calculate this by using the total holdings of each member in the scheme and dividing by the total number of members in the scheme.

We've shown the default Income Drawdown Lifestyle (Current Default) and Cash Lifestyle (Previous Default) Investment Options that the majority of members invest in.

We've also shown the Aegon BlackRock Cash (BLK) and Aegon BlackRock 30/70 Curr Hdg Global Eq Idx (BLK) funds to show the asset classes with the lowest and highest assumed growth. The Aegon BlackRock Cash (BLK) fund is also the fund with the lowest charges and we have shown the Investor Multi-Asset fund as the fund with the highest charges.

#### Investment growth

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

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

If the growth rate we've used is:

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

# Wolseley Group Defined Contribution Plan

## Chair's statement

### Example illustration

#### Purpose of this example illustration

This isn't a personal illustration, it is based on the assumptions detailed later on in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds you invest in over time.

Fund transaction costs and charges total (%)					
	Income Drawdown Lifestyle (Current Default)	Cash Lifestyle (Previous Default)	Aegon BlackRock Cash (BLK)	Aegon BlackRock 30/70 Curr Hdg Global Eq Idx (BLK)	Investor Multi-Asset
Growth	-1.30% to 2.96%*	-1.30% to 2.96%*	-1.30%	3.00%	1.11%
AMC	0.25% to 0.77%	0.25% to 0.77%	0.25%	0.32%	0.77%
AAE	0.01% to 0.08%	0.01% to 0.08%	0.03%	0.01%	0.08%
TC	0.01% to 0.29%	0.01% to 0.29%	0.01%	0.03%	0.29%

\* The growth rate used for the Lifestyle funds vary through time based on the underlying asset mix

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

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

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

**TC** are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the average of the actual annual transaction costs for the period 01/08/18 to 31/07/22.

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

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

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

Years	Income Drawdown Lifestyle (Current Default)		Cash Lifestyle (Previous Default)		Aegon BlackRock Cash (BLK)		Aegon BlackRock 30/70 Curr Hdg Global Eq Idx (BLK)		Investor Multi-Asset	
	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges
1	16499.58	16437.50	16499.58	16437.50	15864.65	15821.42	16499.58	16443.70	16212.42	16039.33
3	21812.00	21589.42	21812.00	21589.42	19611.90	19468.19	21812.00	21611.57	20796.04	20200.38
5	27554.14	27113.30	27554.14	27113.30	23385.51	23123.01	27565.64	27172.41	25597.94	24474.03
10	43434.23	41959.71	43434.23	41959.71	32954.47	32317.49	44080.11	42954.15	38611.67	35673.17
15	61066.87	57575.81	61066.87	57575.81	42754.17	41636.44	64061.94	61757.31	53175.80	47652.82
20	78757.61	72653.53	78639.42	72574.50	52833.34	51133.19	88114.33	84053.76	69436.55	60472.57
24	91741.99	83268.60	88643.70	81304.50	61131.75	58894.88	110754.59	104766.36	83772.98	71376.16

#### About this illustration

Your current age is 41 and retirement age is 65.

Your current salary is £26,000 and will increase each year by 3.5%.

Future contributions paid will be 8% of your salary (£173.33 each month increasing by 3.5% each year in line with assumed salary increases).

The existing fund value is £14,000 which is based on the Average of the total holdings within the scheme. We calculate this by using the total holdings of each member in the scheme and dividing by the total number of members in the scheme.

We've shown the default Income Drawdown Lifestyle (Current Default) and Cash Lifestyle (Previous Default) Investment Options that the majority of members invest in.

We've also shown the Aegon BlackRock Cash (BLK) and Aegon BlackRock 30/70 Curr Hdg Global Eq Idx (BLK) funds to show the asset classes with the lowest and highest assumed growth. The Aegon BlackRock Cash (BLK) fund is also the fund with the lowest charges and we have shown the Investor Multi-Asset fund as the fund with the highest charges.

#### Investment growth

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

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

If the growth rate we've used is:

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



# Wolseley Group Defined Contribution Plan

## Chair's statement

### Example illustration

#### Purpose of this example illustration

This isn't a personal illustration, it is based on the assumptions detailed later on in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds you invest in over time.

Fund transaction costs and charges total (%)					
	Income Drawdown Lifestyle (Current Default)	Cash Lifestyle (Previous Default)	Aegon BlackRock Cash (BLK)	Aegon BlackRock 30/70 Curr Hdg Global Eq Idx (BLK)	Investor Multi-Asset
Growth	-1.30% to 2.96%*	-1.30% to 2.96%*	-1.30%	3.00%	1.11%
AMC	0.25% to 0.77%	0.25% to 0.77%	0.25%	0.32%	0.77%
AAE	0.01% to 0.08%	0.01% to 0.08%	0.03%	0.01%	0.08%
TC	0.01% to 0.29%	0.01% to 0.29%	0.01%	0.03%	0.29%

\* The growth rate used for the Lifestyle funds vary through time based on the underlying asset mix

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

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

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

**TC** are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the average of the actual annual transaction costs for the period 01/08/18 to 31/07/22.

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

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

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

Years	Income Drawdown Lifestyle (Current Default)		Cash Lifestyle (Previous Default)		Aegon BlackRock Cash (BLK)		Aegon BlackRock 30/70 Curr Hdg Global Eq Idx (BLK)		Investor Multi-Asset	
	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges
1	16229.33	16124.50	4146.76	4131.32	15864.65	15821.42	16499.58	16443.70	16212.42	16039.33
3	20768.85	20406.14	12658.16	12541.50	19611.90	19468.19	21812.00	21611.57	20796.04	20200.38
5	25345.21	24654.78	21198.36	20933.38	23385.51	23123.01	27565.64	27172.41	25597.94	24474.03
6	27607.67	26729.35	25382.98	25044.46	25283.13	24954.49	30617.16	30107.62	28083.28	26654.13

#### About this illustration

Your current age is 59 and retirement age is 65.

Your current salary is £26,000 and will increase each year by 3.5%.

Future contributions paid will be 8% of your salary (£173.33 each month increasing by 3.5% each year in line with assumed salary increases).

The existing fund value is £14,000 which is based on the Average of the total holdings within the scheme. We calculate this by using the total holdings of each member in the scheme and dividing by the total number of members in the scheme.

We've shown the default Income Drawdown Lifestyle (Current Default) and Cash Lifestyle (Previous Default) Investment Options that the majority of members invest in.

We've also shown the Aegon BlackRock Cash (BLK) and Aegon BlackRock 30/70 Curr Hdg Global Eq Idx (BLK) funds to show the asset classes with the lowest and highest assumed growth. The Aegon BlackRock Cash (BLK) fund is also the fund with the lowest charges and we have shown the Investor Multi-Asset fund as the fund with the highest charges.

#### Investment growth

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

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

If the growth rate we've used is:

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

# Wolseley Group Defined Contribution Plan

## Chair's statement

---

### Value for Members (VFM)

In accordance with regulations 25(1)(b) of the Administration Regulations, the Trustee continue to assess the extent to which the charges and transaction costs set out above represented good value for members. The latest assessment was undertaken as at November 2022

There is no legal definition of “good value”, so the process of determining good value is a subjective one. “Value” is not a straightforward concept to quantify and can be open to broad interpretation.

The assessment included:

- A review of the performance of the Plan's investment funds in the context of the Trustees' investment objectives;
- A comparison of the Plan with other similar schemes in the market;
- A comparison of the level of charges with the benefits delivered to members; and
- A review of the non-financial benefits of the Plan which included the support provided to members by the administrators and the Company.

The assessment found that:

- Members are part of a well governed pension scheme which offers highly rated active and passively managed investment options.
- The Company pays all the administration costs of the Plan.
- Overall Investment costs paid by members are competitive relative to the market and lower than the 0.75% charge cap for auto enrolment schemes.
- Members receive bespoke communication materials i.e. investment communications, newsletters.
- Trustee oversight on a regular basis and acts in the best interests of the members.
- Member can access annuity broking service offered to members at retirement

Taking into account the charges incurred by members in the default funds, the long term performance of the fund and administration provided by our administrator, the Trustee considers the default funds provide good value for members. It was noted that 2022 had been a volatile year and that the passive funds had tracked their benchmarks to within a reasonable tolerance on a gross fees basis over the longer period. The Aegon LGIM Future World Annuity Aware Fund and the DC Multi-Asset Fund were behind their benchmarks and targets, however the funds had protected members against annuity price movements and global equity market falls to an extent. The changes made to the default investment arrangements during the year were also designed with this in mind.

In accordance with the Pensions Regulator's DC code of Practice No 13 (paragraphs 18-41) the Trustees will continue to monitor 'Value for Money' and will implement further changes to the default strategy as required.

The Trustees also consider that the other lifestyle strategies and individual self-select funds also provide good value for members.

# Wolseley Group Defined Contribution Plan

## Chair's statement

---

### Trustee knowledge and understanding (TKU)

Section 247 and 248 of the Pensions Act 2004 sets out the requirement for Trustees to have appropriate knowledge and understanding of the Trust Deed and Rules, the Statement of Investment Principles, the Trustee's policies and procedures, the law relating to pensions and trusts, the principles relating to the funding of occupational pension schemes and the investment of scheme assets and other matters to enable them to properly exercise their functions as Trustees.

The Trustee Directors, upon appointment and on an ongoing basis, are required to meet and maintain appropriate levels of TKU. This is managed in a number of ways including:

- Requirement to complete the Pensions Regulator's eLearning trustee toolkit.
- Training provided by the Plan's advisers as part of their service providing support and advice.
- Attendance at seminars and pensions events.

A log of this training per individual Trustee Director is maintained by the Secretary to the Trustee. During the year covered by this Statement, the Trustee Directors received training on the lifestyle funds, in particular they received training on multi asset funds, ESG Investments funds, glide path training and the suitability of the current default. The Trustee Directors also received training around the revisions needed to the SIP when updating the document following the changes to the strategy. They also received legal and Governance updates at every Trustee meeting where there was no specific training identified for that meeting.

If any additional training requirements are identified during the course of the year, a plan is put in place to address them as appropriate. Trustee training requirements are a standing agenda item at each quarterly Trustee meeting. The Trustee Directors also complete an annual assessment of training requirements.

The Trust Deed & Rules is regularly reviewed and updated by the Trustee in conjunction with its appointed legal adviser. The Trustee receives regular legal updates on current technical issues. A single consolidated set of rules were signed on 12 December 2017.

The Trustee's appointed investment adviser, Mercer attends all Trustee meetings and addresses the principles relating to the funding and investment of the Plan. The Plan's legal adviser, CMS, attends meetings when necessary.

The Plan is chaired by a professional Independent Trustee. The Trustee Directors have an extensive level of knowledge and understanding with varied skills and areas of expertise such as financial and investment skills. In 2020 the Trustee of the Plan completed a review and assessed its systems, processes and controls across key governance functions and where appropriate the processes and controls were updated in line with the current guidance. Review of processes and controls are an ongoing feature of the governance of the Plan to ensure that the following are met

- Code of Practice 13: Governance and administration of occupational defined contribution trust-based schemes
- Regulatory guidance for defined contribution schemes.

Based on our assessment, the Trustee believes that we have adopted the standards of practice set out in the revised DC code and DC regulatory guidance which we believe will help deliver better outcomes for members at retirement.

The Chair's statement can be viewed online at <https://www.psgovernance.com/communications/wolseley-group-defined-contribution-plan.html>.

A link is also provided in the annual benefit statements sent to members.

# **Wolseley Group Defined Contribution Plan**

## **Chair's statement**

---

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 its knowledge.

**Signed:**

Wayne Phelan

Chair of Trustees of the Wolseley Group Defined Contribution Plan

**Date**