

Trustees' Report for the year to 5 April 2019

Welcome to your latest Scheme newsletter, keeping you up to date with your pension benefits and wider pensions news.

March 2020

In this issue

We include the usual headline figures from the Scheme's Annual Report & Accounts, and an update on how the investments have performed.

We also report on the Scheme's latest funding position following the funding update at 5 April 2019.

Over the last year, the financial landscape has been dominated by Brexit uncertainty, as well as the trade war between the US and China. More recently, concerns over the coronavirus have impacted stock markets globally. And looking forwards, there is the potential for more uncertainty and economic reaction as the UK negotiates its future relationship with the EU. As Trustees of the Scheme, we continue to keep a close eye on the markets and the wider economy. We have robust strategies in place to manage the Scheme and will continue to monitor its development as the economic landscape changes.

In other news, we report on the increasing profile of responsible investing, and we highlight the new Gold Standard for independent financial advisers.

Please do get in contact if you have a query about the Scheme or your benefits. The contact details are on page 6, where you can also find more information on the new scheme website.

Rob Hopkins

Chairman of the Trustees

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In numbers





The membership

At 5 April 2019 there were 176 members in the Scheme compared with 182 members at the same date last year.

30	Deferred members - no longer building up benefits but have benefits in the Scheme for when they retire.
146	Pensioner members - receiving benefits from the Scheme (including the dependants of members who have died)

The accounts

Here we show headline figures from the Scheme's Annual Report and Accounts. If you would like more detail, please request a copy of the full report using the contact details on page 6.

The value of the assets supporting the Scheme at 5 April 2019	£27.0 million	
The increase in the value of the assets over the reporting year	£1.8 million	
The total value of Company contributions paid in to the Scheme during the year	£1.4 thousand	
The total value of benefits paid to members during the year	-£1.4 million	

Investment update

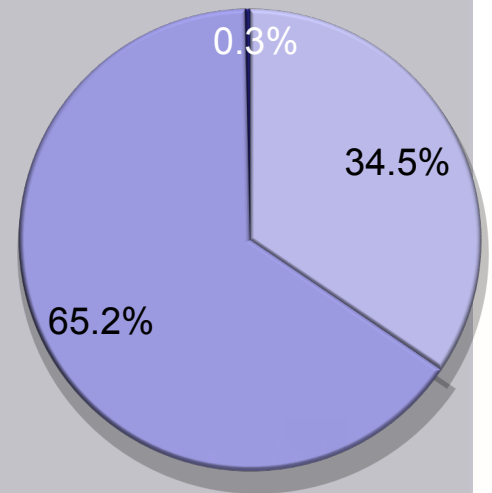
As Trustees, it is our responsibility to decide on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers and we keep a close eye on how the funds are performing.

Asset allocation

At 5 April 2019, the Scheme held assets of £27.0 million compared with £26.5 million at the same date last year (not including AVCs).

The chart adjacent shows how the Scheme's investments were allocated at 5 April 2019, across asset types.

- Equity funds 34.5%
- Bond funds 65.2%
- Cash & liquidity funds 0.3%



Performance

The table below shows how the Scheme's investments have performed compared with their agreed benchmarks. Each benchmark is an agreed indicator of how the fund is expected to perform bearing in mind economic and market expectations.

	Over the year to date		Over one year 1 Apr 2018 – 31 Mar 2019 (% per year)		Since inception 30 Apr 2017 – 31 Mar 2019 (% per year)	
	Performance	Benchmark	Performance	Benchmark	Performance	Benchmark
Scheme	7.7%	8.2%	6.7%	7.4%	5.9%	6.8%

We will continue to monitor performance and make any changes we feel are necessary.

Responsible investing

Across the pensions industry, environmental, social and governance (ESG) considerations are becoming increasingly high profile. Related to this, the economic impact of climate change is having an increasing influence on trustees' investment strategies.

The government has recently published its first green finance strategy, including actions for all the UK's financial regulators.

It's in the interests of investment managers to consider national and international climate policies as these might provide some insight on the wider business environment.

Sustainable and responsible investment options are likely to become increasingly common. We work closely with the Scheme's investment managers to make sure that the investments held by the Scheme are appropriate.

Gold Standard for Financial Advisers

Members of 'defined benefit' (DB) pension arrangements, such as the Scheme, can transfer their benefits to an alternative arrangement, to access more flexible retirement options. It is important (and in some cases a requirement) to take independent financial advice before taking such transfers. If independent financial advice is required to transfer out of the scheme, the Scheme will pay up to £1,500 to offset the cost of obtaining this advice.

The Pensions Advice Taskforce recently launched the Pensions Transfer Gold Standard for financial advisers - a voluntary code of good practice for giving advice on transferring from DB arrangements.

Regulated financial advice firms must already adhere to two existing regulatory principles – a firm must pay due regard to:

- the interests of its customers - and treat them fairly, and
- the information needs of its clients - and communicate information to them in a way that is clear, fair and not misleading.

Firms that work in line with the Gold Standard must also adhere to a further set of nine Gold Standard principles.

Firms that adopt the Gold Standard will display the 'badge' on their literature.

You can find Gold Standard IFAs on the Money Advice Services website (<https://www.moneyadvice.org.uk/en>), by going to Pensions & Retirement / Retirement adviser directory. The Money Advice Service now forms part of the Money and Pensions Service

For more information on the Gold Standard, go to www.thepfs.org and go to About us / Initiatives / Pension Transfer Gold Standard.

How secure is your pension?

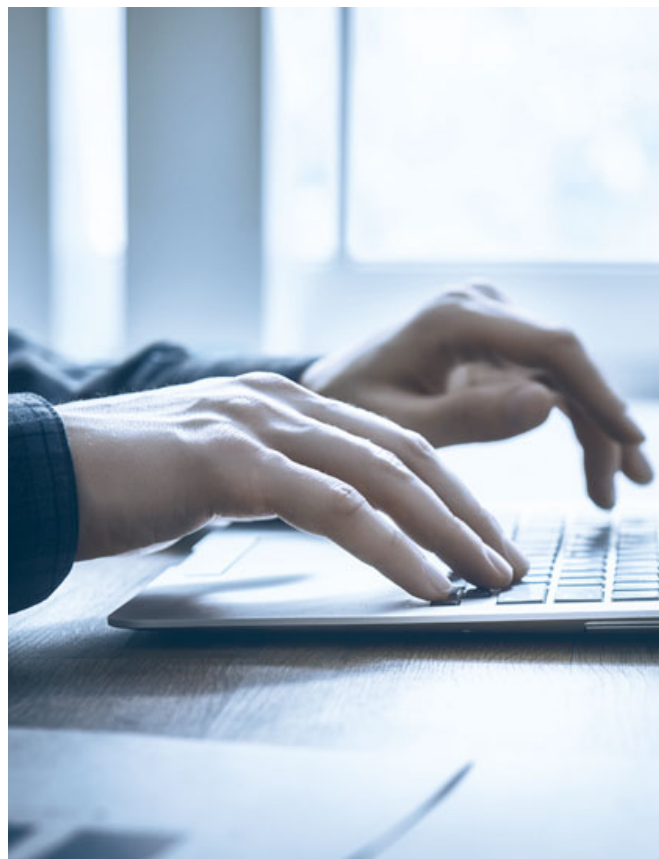
The Pensions Advisory Service has published an online leaflet, *Defined Benefits: how secure is my pension?* This answers some of the common questions about the funding issues surrounding defined benefit (DB) pension arrangements, and about the safeguards and guarantees that exist.

Go to www.pensionsadvisoryservice.org.uk. You can find the leaflet in the News section of the site. The Pension Advisory Service now forms part of the Money and Pensions Service.

Defined Contribution only members:

A small number of members hold only Defined Contribution benefits in the Scheme and are not entitled to receive a final salary pension from it. You are likely to belong to this group if you were in the Scheme after April 1997 and left with less than 2 years' service.

These benefits cannot be taken directly through the Scheme, so you will need to transfer them to another registered pension arrangement (such as another employer's scheme or a personal pension) by the time you retire. Please contact the Scheme administrators if you are interested in transferring your benefits ahead of your retirement.



More information

To find out more about the Scheme, please go to <https://pensioninformation.aon.com/gatx>.

For more general information on pensions and saving for retirement, the following websites are useful resources.

The Money Advice Service provides general advice on all money matters including pensions and finding an independent financial adviser.

www.moneyadviceservice.org.uk

The Government's website features a section 'Working, jobs and pensions', which includes a State Pension Age calculator.

www.gov.uk

Early Resolution Service

If you have a concern about your benefits, contact the Early Resolution Team:

Go to www.pensions-ombudsman.org.uk/our-service/make-a-complaint

Phone: **0800 917 4487** and select the option to discuss a potential complaint

Email: helpline@pensions-ombudsman.org.uk

Contact point

Please use any of the methods below to get in touch with the Administration team.

Email: gatx.pensions@aonhewit.com

Website: <https://pensioninformation.aon.com/gatx>

Calling: 03332079450

Writing to:

GATX-UK Pension Scheme
Aon Scanning Division
PO Box 196
Huddersfield
HD8 1EG

Reminder to keep us up to date

Please let us know if you change your name or address so we can continue to contact you about the Scheme and your benefits.

Please also update your Expression of Wishes form if you need to. This tells us who you would like to receive any benefits that become payable in the event of your death. As the Trustees, we have the final say over who receives the benefits. We will consider your Expression of Wishes form, so if you have never filled one in, or you have not done so recently, particularly if your circumstances have changed, please complete a form and send it to us.

You can download a blank Expression of Wishes form from the Scheme website.

Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser (IFA). You can find an adviser in your area by searching the Money Advice Service directory at

<https://directory.moneyadviceservice.org.uk/en>.

Before you appoint anyone, you should check that the adviser is suitably qualified and authorised.

You can do this online at <https://register.fca.org.uk> or by phoning the Financial Conduct Authority helpline, **0800 111 6768**.

Remember: if you would like more information about the Scheme, you can request a copy of the Trustees' Annual Report & Accounts. Contact the administration team (details to the left).

Behind the scenes

As Trustees, we maintain up-to-date knowledge of pensions, investments and finance. We also attend training courses as and when necessary, for example, when pensions legislation changes. We meet regularly throughout the year to discuss how the Scheme is progressing.

The Board is made up of Company-appointed Trustees and member-nominated Trustees.

Company-appointed	Member-nominated
Rob Hopkins, Chairperson	Susan Sexton
Jim Conniff	

We also appoint professionals to support us on areas of particular expertise.

Administrator	Aon
Actuary	Sally Rayment, Aon
Auditor	Ernst & Young LLP
Legal Adviser	Gowling WLG

Summary Funding Statement

This section summarises the results of the funding update at 5 April 2019, as well as recent previous results. It also looks at the most recent previous results and how the Scheme's financial position is being managed. These financial health checks are vital for monitoring the Scheme's progress. We hope the information helps you to understand how the Scheme is developing.

The latest position

The table below shows how the funding position has changed since the valuation at 5 April 2017 and the last funding update at 5 April 2018.

	Update	Update	Valuation
Date	5 April 2019	5 April 2018	5 April 2017
The funding level	107%	109%	108%
The funding target	£25,321 K	£24,413 K	£26,250 K
The value of the Scheme's assets	£26,974 K	£26,501 K	£28,314 K
The overall position	Surplus of £1,653 K	Surplus of £2,088 K	Surplus of £2,064 K

The latest update shows that the funding level is broadly unchanged from the valuation at 5 April 2017.

The next financial check will be based on the Scheme's position at 5 April 2020. We will report on the results once they are complete.

Reasons for the change

Since the date of the valuation:

- The Scheme's assets have reduced due to benefit payments however this has been partly offset by returns being higher than expected.
- The Scheme's liabilities have reduced mainly due to benefit payments being made from the Scheme. This has been partly offset by a slight fall in bond yields.

Summary Funding Statement

Financial support

To the Company:

A financial support agreement which will allow the Company to fund the Scheme at the rate of contributions agreed between the Company and Trustees and set out in the Schedule of Contributions - which currently covers expenses (excluding investment manager expenses) only.

To the Trustees:

A guarantee to make payments to the Scheme up to a maximum amount which, if it was added to the Scheme's assets, would result in the Scheme being 105% funded based on the level of benefits provided by, and using assumptions prescribed by, the Pension Protection Fund (see below for details). At the last review the Scheme was funded above this level, so the guarantee would not have been called upon, although it remains in place in case it is needed in the future.

We will review the Scheme's funding requirements at the next full valuation, which is due to be carried out at 5 April 2020.

If the Scheme came to an end

The Scheme's funding level is worked out in two ways.

- The 'ongoing' basis (shown on the previous page), which assumes that the Scheme will continue into the future.
- The 'full solvency' basis, which shows the funding position if the Scheme started to 'wind up' at the date of the update. If this happened, all members' benefits would have to be secured without delay by buying insurance policies. This would be more expensive than paying benefits gradually over time so the full solvency position is generally lower than the ongoing position, even for fully funded pension schemes.

At 5 April 2019, the Scheme's full solvency funding level was 90% with a shortfall of £2,969 K.

Please note that we are legally required to report the full solvency position as part of this funding statement. The Company has no current plans to end the Scheme.

We must also tell you if there have been any payments to the Company out of Scheme funds in the last 12 months. There have not been any such payments.

The Pensions Regulator

The Pensions Regulator is the UK watchdog of workplace pension schemes. It has the authority to change the way occupational pension schemes are run though it has not needed to use its powers in this way for our Scheme. You can find out more about the Regulator online at

www.thepensionsregulator.gov.uk.



Privacy notice

The Trustees hold some personal information which we need in order to administer the Scheme. Without your personal information, we cannot provide you and your dependants with the correct benefits at the right time. This includes personal information about you, such as your name and contact details, information about your pension contributions, age of retirement, and in some limited circumstances information about your health (where this impacts your retirement age). The purposes for which your personal information will be used include management of the pension scheme and your membership within it, to calculate and pay benefits, funding the pension scheme (i.e. helping to ensure that the funds within the pension scheme are sufficient to cover the members who are party to it), liability management (that is to say providing advice on the different ways benefits could be determined, and drawn, from the pension scheme), scheme actuary duties (which include assessing individuals who are members of the pension scheme and assessing how the make-up of the membership may affect the amounts payable and when they become payable so as to manage the pension scheme appropriately), regulatory compliance, process and service improvement and benchmarking.

We may pass your personal information to third parties such as advisors and benefits providers, insurers and to certain regulatory bodies where legally required to do so. Depending on the circumstances, this may involve a transfer of data outside the UK and the European Economic Area to countries that have less robust data protection laws. Any such transfer will be made with appropriate safeguards in place.

More detail about our use of your personal information is set out in our full Privacy Notice which can be found on the Scheme's new website (<https://pensioninformation.aon.com/gatx>). If you need a further copy, please contact the administration team using the contact details on page 5.

