



CREST
NICHOLSON

KEEPING YOU IN TOUCH

Your pension newsletter

August 2021

Bringing you the latest information about the Crest Nicholson Group Pension & Life Assurance Scheme – alongside wider pension and financial news

Welcome to our latest newsletter.

As you can see, we've undergone a format change since the previous issue. We are always looking for ways to develop the way we keep you up to date. This pocket edition is, as you might expect, about half the size overall of the larger issues we were sending you before the pandemic – but you will receive it more often.

We believe this will bring two key improvements:

- We are aiming to give you an easier, pacier read, with more 'bitesize' summaries of the facts you need to know; and
- Going to press around every six months will mean the information we bring you is more current, keeping you more up-to-date on the latest Scheme developments and pension news.

As a full valuation of the Scheme is currently underway, we will be publishing the result in a future issue. In the meantime, you can find the latest Scheme investment figures, starting on page 4.

We are also making good progress with our new administrator appointment. We have almost completed the tender process, and we expect to let you know the outcome in our next issue. In the meantime, please continue with EQ's contact details. We will let you know in good time about any changes.

I hope you enjoy the new-look newsletter. Finally, I hope you and your families have managed to stay safe and well, and continue to do so in the coming months.

Best wishes

Duncan Revolta

Duncan Revolta
Chairman of the Trustee

FROM MAPS TO MONEYHELPER

In past issues, we have included details for the Money and Pensions Service ('MaPS'), the combined body set up by the Government to combine the Money Advice Service, the Pensions Advisory Service and Pension Wise into a single 'one-stop' organisation for savers to find any support they need more quickly and easily.

For a while, the three services continued to function independently under the MaPS 'umbrella', but with effect from June this year, they have now fully merged. MaPS has launched a single website, 'MoneyHelper', which brings together the full range of guidance on saving, money management, financial/retirement planning and pensions that was previously available on the three separate sites.

You can find the new website at www.maps.org.uk/moneyhelper

Please note that the Pension Wise consultation option, offering a free appointment with an adviser to help you understand your retirement options, is still available through MoneyHelper. (While this is mostly aimed at members of 'defined contribution' schemes – where there is more freedom of choice for how to receive benefits – it may be useful for anyone needing guidance with their retirement planning.)



SCHEME PEOPLE

The Trustees

We are pleased to announce the return of Jeremy Fry to the Trustee board.

You may recall that in our last newsletter, we invited applications from candidates wishing to put themselves forward for the member-nominated Trustee role, following the end of Jeremy's term of office. (Current pension law states that a third of the seats on each Trustee board must be selected from the membership.)

Jeremy also decided to stand for a further term, and in the event, proved to be our most suitable candidate. We would like to thank Jeremy for his ongoing commitment to the Scheme and its members.

Duncan Revolta

Chairman

Jane Kola

Pensions Legacy Trustees Limited

Jeremy Fry

Member-Nominated Trustee

Kevin Maguire

Secretary to the Trustee

Stephanie Fleming

Assistant Secretary to the Trustee

Behind the scenes

For the time being, we are still meeting as a board remotely, and EQ, our current administrators, will still provide most of their services under restricted conditions (whether on or off site), in line with the current Government advice.

With that in mind, if you have a query, please check the Scheme website in the first instance for the information you need:

<https://www.crestnicholson.com/legal-information/pension-scheme>

If you cannot find what you are looking for, please e-mail as follows:

- For questions about your benefits, contact EQ:
dbadmin.reading@equiniti.com
- For any wider issues about the Scheme or its official documents, contact:
pensions@crestnicholson.com

Scheme Documentation, including the Statement of Investment Principles and its Implementation Statement, along with the latest Report & Accounts can also be found on the Scheme website.

Here is our current panel of advisers:

Solicitors	Baker & McKenzie LLP
Auditors	PricewaterhouseCoopers LLP
Bankers	Lloyds Bank plc Barclays Bank plc
Scheme Actuary	Adam Stanley, XPS Pensions Group
Scheme Administrators	EQ
Scheme Investment Consultants	Lane Clark & Peacock LLP
Covenant Advisers	Grant Thornton LLP
Fund Managers	BlueCrest Capital Management Limited Insight Investments Funds Management Limited JO Hambro Capital Management Limited Kiltearn Partners LLP M&G Investment Management Limited Mercer Global Investments Management Limited Ruffer LLP BlackRock Investment Management (UK) Limited Ares Management LLC Clareant EDL III GP (Alcentra)

INVESTMENT NEWS

Latest returns

Our updated investment figures show that the Scheme has continued to perform well. Over the year to 31 March 2021, the overall Scheme fund has achieved a 13.1% return, against its 'benchmark' of 4.8%. (The benchmark is a 'target' return based on the average performance expected from similar funds across the market or industry.)

It is important to look at the performance over periods longer than a year, however, as pensions are long-term investments. The latest update to the Trustees also shows the yearly average returns over the last three years, and since we started investing in our current mix of funds in 31 July 2009 – so, in effect, performance over the last 12 years).

Figures at 31 March 2021	1 year	3 years (pa)	Since 2009 (pa)
Fund return	13.1%	3.4%	7.0%
(against benchmark)	4.8%	2.2%	5.0%

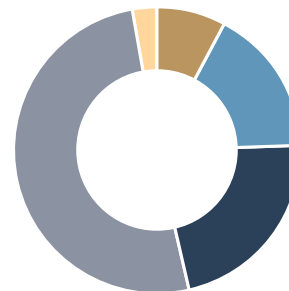
Asset spread

While much of this positive performance has come from the Scheme's 'Alternative' investments achieving very high returns, these assets – which can include a wide range of growth investments, not just equities – can also be volatile.

Over time, we aim to continue with our plan to reduce equity and alternative investments as the Scheme 'matures' – that is, pays out more in benefits than it receives in contributions. Since the end of the 12-month period covered by the latest update, we have already started to move some of the Scheme's funds into 'liability-driven investment' ('LDI') funds. As the name suggests, this approach moves away from simply investing for pure growth – the highest returns possible – but focuses on achieving the level of returns needed to pay the Scheme's costs and benefits. This allows us to invest more of the fund in lower-risk assets.

Ultimately, we want the Scheme to be self-sufficient, and receive enough in returns from more stable, fixed-interest investments to avoid any further holdings in higher-risk assets, or require any more contributions from the Company.

Assets as at 31 March 2021



Global Equity	£17.8m	8.3%
Alternatives	£37.1m	17.2%
Fixed Income Defensive	£45.2m	20.9%
Fixed Income Growth	£109.7m	50.8%
Cash	£6.1m	2.8%

Responsible investing

You may have heard about responsible or sustainable investing, as it becomes an increasingly important topic across the pension industry. Broadly speaking, to invest responsibly, a Trustee board should where relevant and appropriate take account of 'environmental, social and governance' (or 'ESG') issues when deciding how and where to invest to the extent that such issues would have a financial impact on our investments.

- **Environmental** – companies' behaviour on 'green' issues, including climate change, carbon footprint, local impact.
- **Social** – organisations' treatment of employees and clients, regional human rights record.
- **Governance** – use of best practice approaches and procedures when managing and conducting business.

We take this into account when considering our investment options, favouring those which give the greatest consideration to ESG issues. We expect the same of our investment managers and encourage them to maintain or improve their practices as needed.

We have a document in place which sets out our ESG procedures and activities in more detail. If you would like to see a copy, please e-mail the Scheme (the contact details are on page 3).



PENSION BULLETIN

Stay ahead of the scams

Pension fraudsters continue to develop more ways to try and con people out of their savings – and with the onset of the pandemic, more than ever the threats are appearing online, often through websites and social media accounts that might not be all they seem.

For example, one common scam involves the criminals creating a website for what looks like a legitimate business – maybe even one that is registered as genuine by the Financial Conduct Authority (FCA). They lend the false company credibility by backing it up with a presence on social media and search engines.

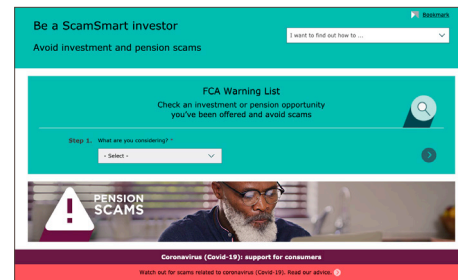
If you come across an example like this, the usual giveaway is the contact details. Make sure you look up the business on the FCA Register (<https://register.fca.org.uk>) and note its actual details: those on the false site will be different, allowing the scammers to gather your information. Visit the site directly, do not use a link provided by the business you are trying to check.



We have also become aware of ‘secondary scamming’. Here, a new fraudster approaches someone who has already fallen victim to a scam, offering to help them recover their losses. In the event, the fraudsters take the additional fees, and of course, the money is never recovered.

Remember to stay alert. The FCA keep the information in their ‘ScamSmart’ website up to date with the latest guidance:

www.fca.org.uk/scamsmart



Remember: if you think you may have already been caught by a scam, there may still be time to stop the payments or track down the culprits. Please call Action Fraud on **0300 123 2040**.

Helping you to keep your benefits safe

If you decide you want to transfer out of the Scheme, we will carry out a series of checks that are designed to help you keep your benefits safe.

For example, the FCA keeps a list of firms it knows are operating without its permission or running scams. When the administrators receive your transfer request, they will check that neither the scheme to which you are planning to transfer your benefits nor your financial adviser appear on this 'warning list'.

You will also be contacted by a member of the XPS Scam Protection Service - a service that we have introduced to provide an extra layer of protection if you are planning to transfer out. The XPS Scam Protection Service will ask you a few questions about your planned transfer to check that all is in order. This includes the advice your adviser gave you and how much they are charging. If something doesn't sound right, the XPS Scam Protection Service will let us know - at which point we will recommend steps you can take to keep your benefits safe.

Since its launch in 2016, the XPS Scam Protection Service has helped protect 5,300 members' transfers totalling over £1.3 billion.

MINIMUM RETIREMENT AGE

Currently, the earliest age you can start receiving your pension benefits is 55 (unless you are stopping work due to ill health). However, the Government is changing this rule so that the minimum age will rise to 57 in April 2028, when the State Pension Age increases to 67.

The new rule is expected to become law in due course. In the meantime, it is worth looking ahead and considering your plans – for example, if you turn 55 in the second half of 2028 and were thinking of retiring early, you will now have to wait an extra two years to do so, assuming the change goes ahead.



VIEW FROM THE COMPANY

Strong H1 performance

Our trading performance in the first half of this financial year has been strong. Our strategy continues to deliver positive results across all areas of the business, and this is reflected in our performance. We have exceeded our own profit expectations and continue to make excellent progress in strengthening the balance sheet closing the period with a positive net cash position of £130.4m and we did not access our revolving debt facilities during the period.

As you may know, our market conditions have remained buoyant over the last 12 months, supported by the stamp duty holiday and being allowed to remain open during periods of COVID-19 restrictions. Continued consumer confidence, coupled with changing working patterns and lifestyle choices have underpinned demand, and meant both sales rates and prices have exceeded the pre-pandemic levels.

While the stamp duty holiday certainly has been an effective support mechanism, we are seeing strong demand for homes scheduled to complete beyond the 30 September deadline which indicates we can feel confident that the transition from this Government support can be managed smoothly.

There have been some labour and material shortages that have impacted build times but our focus on operational efficiency has largely minimised any disruption. However, the additional costs attached to sourcing some materials have generally been offset by savings brought about by adopting a new standardised house type range and specification.

Delivering outstanding customer service is one of our five strategic priorities. Everyone has worked hard over the past year to make improvements to the customer journey and we are delighted to have retained our five-star customer satisfaction rating from the HBF.

Looking ahead

Looking ahead and having completed the first part of our turnaround strategy, transforming the balance sheet and implementing our operational efficiency programme, our focus has now moved to rebuilding operating margins back to industry-normal levels. Although we will make significant progress this year, as we enter FY22, our lower margin legacy schemes will have a less negative impact on margins. Our new house type range and associated operational efficiencies

along with higher margin land purchases will accelerate the margin recovery process.

The Company's half year results for the period ended 30 April 2021 are available to view at www.crestnicholson.com/investors/results-centre.

