THE EVERARDS BREWERY LIMITED PENSION FUND
2020 SUMMARY FUNDING STATEMENT

We are the Trustees of The Everards Brewery Limited Pension Fund (the “Fund”) and look after the Fund on behalf of its members. The purpose of this statement is to tell you about the financial security of the Fund. We recommend you take some time to read it, since the Fund’s financial security could affect the benefits you will ultimately receive. We produce a similar statement each year to keep you up to date.

Throughout this Statement, where reference is made to the Company, we are referring to the Fund’s Principal Employer, Everards Brewery Limited.

How is the Fund’s financial security measured?

The estimated cost of providing the benefits earned by those members who have left the Fund together with the pension benefits already in payment is known as the Fund’s “liabilities”. Money is collected from the Company and then invested to help provide the benefits due. The money is held in a communal fund, not in separate funds for each individual. The amount of money we have invested is known as the Fund’s “assets”.

We carry out an in-depth look at the Fund’s finances at least every three years. This is called an actuarial valuation. We ask a qualified, independent professional, known as an Actuary, to do this. We also ask the Actuary to review the financial security of the Fund more regularly. To check the Fund’s financial security we look at its financial position and compare the value of its liabilities to its assets. If the Fund has fewer assets than liabilities, it is said to have a “shortfall”. If the assets are more than the liabilities there is said to be a “surplus”.

Because the liabilities are an estimate of how much money is needed now in order to pay benefits for a long time into the future, they may go up or down depending upon the Fund’s experience; for example, how long people are expected to live, how long term interest rates fluctuate over time, etc. The assets may also go up or down depending upon how the investments held by the Fund perform. This means that the financial position of the Fund varies from time to time.

What is the Fund’s financial position?

The latest actuarial valuation of the Fund showed that on 30 September 2019:

The value of the liabilities was	£64.0 million
The Fund’s assets were valued at	£56.8 million
This means that there was a shortfall of	£7.2 million

We are required to inform you whether a payment has been made to the employer, as permitted under the Pensions Act 1995, since we last sent you a summary funding statement. We can confirm that no such payment has been made to the employer.

How has the Fund’s financial position changed since the last summary funding statement?

When we last sent you a summary funding statement we reported that the Fund was estimated to have a shortfall of £4.5 million at 30 September 2018. Since 30 September 2018, the Fund’s financial position has worsened and the shortfall was £7.2 million at 30 September 2019 as described above. The worsening in the Fund’s financial position is primarily due to long term interest rates having fallen, which increases the value placed on the liabilities. This has been partially offset by a fall in expected future inflation, the positive return on the Fund’s assets and the money paid in by the Company over the year.

Is the shortfall going to be paid off, and if so, how will this be done?

As part of the actuarial valuation as at 30 September 2019, the Trustees have agreed a plan with the Company to pay off the shortfall by 30 September 2025. This involves the Company paying contributions of at least the following amounts:

- £68,083 per month from 1 October 2019 to 31 March 2020 inclusive;
- £34,167 per month from 1 October 2020 to 30 September 2021 inclusive;
- £68,084 per month from 1 October 2021 to 30 September 2023 inclusive;
- £104,167 per month from 1 October 2023 to 30 September 2025 inclusive.

To calculate the amount of the shortfall, assumptions have to be made about what will happen in the future, for example, the rate at which the Fund's assets will grow. If the assumptions do not all turn out to be exactly in line with what happens in future, it may be necessary to change the level of contributions to the Fund or the period over which the shortfall is paid off. In addition to these amounts the Company pays further contributions to the Fund as an allowance for the expenses of running the Fund.

Although there was a shortfall at 30 September 2019, all members who have retired have still received the full amount of their pension.

How has the position changed since 30 September 2019?

Since 30 September 2019, the financial position of the Fund had deteriorated slightly and the latest actuarial report on the Fund showed that on 30 September 2020 the value of the liabilities was £64.8 million. The Fund's assets were valued at £56.8 million and this means there was a shortfall of £8.0 million. The deterioration in the funding position since the 2019 valuation is due to a fall in long term interest rates which acts to increase the value placed on the Fund's liabilities. This was partially offset by higher than expected investment returns on the Fund's assets and the shortfall contributions paid into the Fund by the Company.

What is the Trustees' initial reaction to the Coronavirus pandemic?

You may be aware that the ongoing Coronavirus pandemic has had a material impact on financial markets during 2020, which affects the value of the Fund's assets and the calculation of the liabilities. This caused the funding level of the Fund to fall earlier in the year, although it has subsequently recovered and 30 September 2020 was similar to that at the 2019 valuation date.

The Trustees continue to monitor the situation and how this might affect both the Scheme and the Company in the future. In particular, the Trustees will continue to review the position of the Company and whether the current investment strategy remains appropriate going forward. The Company also agreed to provide the Trustees with security over two of its properties in addition to the contributions that are payable to the Fund. It is important to note that your pension from the Fund is linked to how long you were a contributing member of it and to your salary during that time. It is not directly linked to investment market performance. Pensions are paid out of the Fund's assets and we do not expect any changes or delays to the payment of pensions.

What types of assets does the Fund invest in?

We invest contributions in a broad range of assets, limiting the amount invested in a particular class of assets. As at 30 September 2020, the fund was broadly invested in:

Company shares	35%
Diversified growth funds	15%
Property	11%
Corporate bonds	14%
Government bonds	25%

How do the Trustees know what contributions should be paid into the Fund?

Following each actuarial valuation, the Actuary advises us what contributions should be paid into the Fund so that we can expect to be able to continue to pay members' pensions. We then agree a level of contribution for the Fund with the Company and record this in a document called the Schedule of Contributions. We review and update the Schedule of Contributions at least each time the Fund has an actuarial valuation. The valuation and schedule of contributions follow standards we have set out in a Statement of Funding Principles. This document describes how we will manage the Fund with the aim of being able to continue to pay members' pensions.

We are required to tell you whether the Pensions Regulator has used its legal powers to make directions as to any of:

- The level of benefits available from the Fund going forward;
- The method or assumptions used to calculate the liabilities or the length and structure of the recovery plan; or
- The contributions that should be paid under the schedule of contributions.

We can confirm that the Regulator has not used its powers in relation to the Fund and therefore the Fund is not subject to any directions.

Is my pension guaranteed?

Our aim is for there to be enough money in the Fund to pay pensions now and in the future, but this depends on the Company carrying on in business and continuing to pay for the Fund. If the Company goes out of business or decides to stop paying for the Fund, it is expected to pay the Fund enough money to secure all the benefits built up by members with an insurance company. This is known as the Fund being "bought-out" and "wound-up". The comparison of the Fund's assets to the cost of buying the benefits with an insurance company is known as the "solvency position".

Is there enough money in the Fund to provide my full benefits if the Fund is wound-up?

The actuarial valuation at 30 September 2019 showed that the Fund's assets would not have paid for the full benefits of all members to be provided by an insurance company if the Fund had wound-up at that date. The liabilities if the Fund were to be wound-up were estimated to be £81.9 million. The Fund's assets were £56.8 million and this means that there was a shortfall of £25.1 million, with members expected to receive on average 69% of benefits earned to that date.

The actuarial report at 30 September 2020 showed that the Fund's assets were estimated to cover, on average, 71% of members benefits earned to that date on wind up. The improvement in the wind-up position compared to the 69% shown above is mainly due to the expected change in pricing terms by insurance companies over the period, along with the higher than expected investment returns on the Fund's assets and the shortfall contributions paid into the Fund by the Company.

The fact that we have shown the wind-up position does not mean that the Company is thinking of winding up the Fund. It is just another piece of information we are required by law to provide and which we hope will help you understand the financial security of your benefits.

What happens if the Fund is wound-up and there is not enough money to pay for all my benefits?

If the Fund winds up without enough money to buy all the members' benefits with an insurance company then, unless the Company can afford to pay the difference, you are unlikely to receive the full benefits you were expecting. To help members in this situation, the Government set up the Pension Protection Fund (PPF). The PPF pays a legally defined level of benefits to members of eligible UK pension schemes in certain situations where the scheme does not have enough money to cover the cost of buying this level of benefits for members with an insurance company and the company is insolvent and so cannot provide extra finance.

If the Fund were to be wound up and go into the PPF, the pension you would receive from the PPF may be less than the full benefit you have earned in the Fund, depending on your age and when your benefits were earned. Further information and guidance is available on the PPF website at www.ppf.co.uk. At the time of writing, the PPF are only accepting e-mailed correspondence to information@ppf.co.uk due to the COVID-19 pandemic.

Can I leave the Fund before I am due to retire?

If you have left the Fund and have "paid up" benefits you can, if you wish, transfer your benefits to another pension arrangement prior to retirement. If you are thinking of transferring your benefits out of the Fund for any reason, you should consult a professional advisor, such as an independent financial advisor, before taking any action. The law prevents us from providing you with financial advice.

Where can I get more information?

If you have any other questions, or would like any more information, please contact Anne-Marie Hawkins (contact details are provided below). A list of documents which provide further information is attached. If you want us to send you a copy of any of these documents please let us know. If you change address you should let Anne-Marie know so that we can update our records.

For and on behalf of
The Trustees of the The Everards Brewery Limited Pension Fund

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Additional documents available on request

The Statement of Funding Principles
This explains how we (the Trustees) plan to manage the Fund with the aim of being able to continue to provide the benefits that members have built up.

The Statement of Investment Principles
This explains how we invest the money paid into the Fund.

The Schedule of Contributions
This shows how much money is being paid into the Fund by the Company, and includes a certificate from the actuary showing that it is sufficient to meet the requirements set out by law.

The Annual Report and Accounts of The Everards Brewery Limited Pension Fund
This shows the Fund's income and expenditure in the year to 30 September 2019.

The Scheme Funding Report of the Actuarial Valuation as at 30 September 2019
This contains the details of the actuary's check of the Fund's situation as at 30 September 2019.

The Actuarial Report as at 30 September 2020
This contains the details of the actuary's check of the Fund's situation as at 30 September 2020.