

As at 31 March 2024

Overview

The Retirement Countdown Fund (RCF) is designed to deliver returns that are expected to preserve the real value of member savings over the long-term, after the asset based charge. There may be some variability against this target, especially over shorter time periods. The RCF seeks to achieve its return objective by investing in liquid money market instruments and short-dated investment grade bonds. It is one of two funds forming part of a member's Journey Path. The allocation to the RCF increases as a member approaches retirement.

The Fund places importance on Responsible Investment (RI) and 100% of the holdings have an explicit sustainability or ESG objective. Overtime the RI allocation will fluctuate but is targeted to account for at least 75% of the portfolio.

Journey Path: The retirement Journey Path is in three phases, from growth, to pre-retirement, to retirement. During the pre-retirement phase the majority of member pension savings are gradually moved from the Diversified Growth Fund (DGF) to the RCF, over a 10-year period. The allocation then remains constant in the retirement phase.

Full details of lifecycle and Fund Objectives are set out in the [Statement of Investment Principles](#), [here](#).

Description

The RCF typically invests in liquid money market funds, cash deposits and short-dated bonds.

The integration of responsible investment considerations seeks to manage investment risk with the aim of enhancing long-term portfolio returns which is in the best interests of the members and beneficiaries of the Fund.

Key facts

Fund Size: £296.1 million

Fund Launch Date: 24 July 2014

Base Currency: GBP

Return Objective: To deliver returns that are expected to preserve the real value of member savings over the long-term, after the asset based charge

Annual Management Charge: 0.30%

Unit Price: 131.8549p

Valuation and Dealing Frequency: Weekly

Pricing Basis: Single price

Changes over the quarter

Over the quarter, the Fund made a about 60% allocation to a short-dated bond fund. This new allocation reflects the revised investment strategy (to preserve real value of members savings rather than just preserving the capital value) agreed by the Trustee.

The Bank of England continued to keep interest rates at 5.25%, a level which remains unchanged since August 2023.

Whilst still above target levels, inflation continued to fall over the quarter. The Bank of England is expected to look for further signals that inflation will move back towards target levels, and stay there, before cutting rates.

Objectives

Return objective

To deliver returns that are expected to preserve the real value (as measured by CPI) of member savings over the long-term, after the asset based charge.

Risk objective

The expected risk, measured in terms of annual volatility, will have a range from 3% to 5% p.a.

Responsible Investment objective

The Trustee has set goals as part of its RI objectives:

- Net Zero carbon emissions by 2050, with a 50% emissions reduction by 2030, based on 2019 levels
- At least 75% of the portfolio's net asset value in investments which support the Trustee's RI beliefs as set out in the SIP

Fund returns

	Returns					Single-year member returns				
	3 months	12 months	3 years	5 years	Since Inception *	2023	2022	2021	2020	2019
Fund (cumulative)	1.1%	4.8%	6.7%	7.4%	8.8%	4.5%	1.1%	-0.2%	0.3%	0.6%
Return objective (cumulative)	1.6%	5.4%	7.9%	8.7%	8.8%	4.7%	1.4%	0.1%	0.2%	0.7%
Fund (annualised)		4.8%	2.2%	1.4%	0.9%					
Return objective (annualised)		5.4%	2.6%	1.7%	0.9%					

Source: Cardano Risk Management Limited and BNY Mellon. Fund returns figures shown relate to past performance and are presented net of investment fees. Past performance is not a reliable indicator of current or future performance. The Return Objective is the return on SONIA since inception to 31 January 2024 and CPI from 1 February 2024 (net of the Asset Base Charge).

* Please note that Since Inception date used is 31 July 2014, instead of fund launch date.

Fund Breakdown

