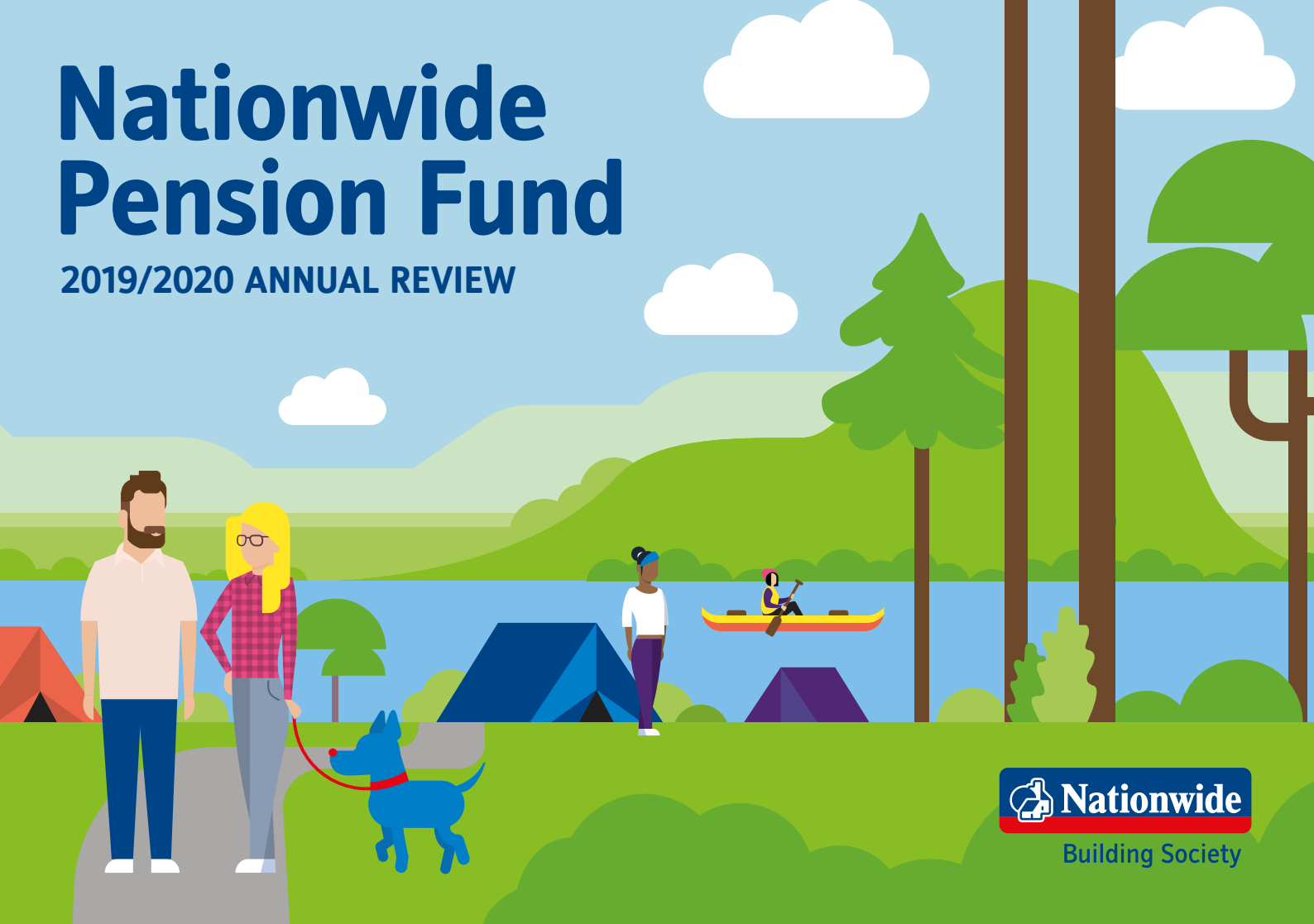


# Nationwide Pension Fund

2019/2020 ANNUAL REVIEW



# Message from the Chair

## Welcome to our Annual Review for 2019

It's been another busy year for your Trustee. We welcomed Laura Faulkner to the Board in November 2018 — you can find out more about her through an interview in our online newsletter. Just visit

[newsletter.nationwidepensionfund.co.uk](http://newsletter.nationwidepensionfund.co.uk)

In other Board news, Rob Goldspink's current term will be extended by seven months to January 2021. This will align the terms of two Member Nominated Directors (MNDs) for election in 2020 to allow for a more efficient election process. Being a Trustee can be a challenging, but hugely rewarding experience — if you've ever wondered what it's like to be a Trustee, you can watch our video on 'How our Fund is run' by visiting the video hub on the Fund website. Please keep an eye out for more news about nominations and the election next year.

We've enclosed an important update with this year's Annual Review. I'd encourage you to read this.

Pension Scams are still very much a threat to us all and it's important that we stay vigilant. Because of

this, we've again included a special section to help you recognise the signs of a potential scam.

As ever, I'd like to acknowledge the efforts of my fellow Trustee Directors and to thank both the Employee Pensions team and the Investment team for their hard work and their great service to both the Trustee and the members.

I hope you enjoy reading our Annual Review. If you have any comments, you can share your views by emailing the Employee Pensions team at [pensions.team@nationwide.co.uk](mailto:pensions.team@nationwide.co.uk)



**Pete Wilkin**  
Chair of the  
Nationwide Pension  
Fund Trustee Board

You've either indicated a preference to receive a paper version, or you're receiving this as you've yet to inform us how you'd like to receive your communications. If you're still considering which option suits you, we launched our secure Member Portal last year to complement the Fund's website and we're really pleased that over a third of members have registered.

If you'd like to opt for digital communications in future, go to our website at: [nationwidepensionfund.co.uk](http://nationwidepensionfund.co.uk) and register on the 'Member Portal'.



### Nationwide Pension Fund Portal

You'll then have access to a wider and more current breakdown of key Fund events, including the interactive version of the Annual Review.



Access much more online



There are many more articles available to read online including more detail on the:

- The Fund's Trustee and advisers;
- Fund Finances;
- Funding Update;
- Investment Update; and
- More general pensions news articles.

Visit the Fund website at:

[nationwidepensionfund.co.uk](http://nationwidepensionfund.co.uk) and click on the Annual Review button to access all the additional content.



# Pension Scams Update

## 'Take Five' to stop fraud

In last year's Annual Review, we included some information about how to spot a 'Pension Scam', and what to do if you think you've been contacted by a 'Pension Scammer'.

Cold-calling has been used by scammers to steal pension savings, or to persuade people to invest in high-risk schemes. According to a report released by the Financial Conduct Authority, victims of Pension Scams lost an average of £91,000 to fraudsters in 2017.

Since then a government ban on pensions 'cold-calling' has come into force.

This means any unsolicited marketing calls, emails or texts about your pension are now illegal and you should hang up or delete the text or email.

If a firm breaks the ban, they could face a fine of up to £500,000. People are advised to remain vigilant as many experts expect fraudsters to ignore the ban.

If you do receive an unlawful cold-call about your pension, you can now report it to the Information Commissioner's office online at [ico.org.uk](http://ico.org.uk) or by calling **0303 123 1113**.

And if you think you've been the victim of a Pension Scam, contact Action Fraud, the UK's national fraud and cyber-crime reporting centre by calling **0300 123 2040**.

The threat of being scammed out of your pensions savings is real. You can find out how to help protect yourself by visiting the Take Five website [takefive-stopfraud.org.uk](http://takefive-stopfraud.org.uk)

Take Five is a national campaign that offers straight-forward and impartial advice to help everyone protect themselves from preventable financial fraud and provides many useful tips, guidance, information and videos to help you stay safe.



# Fund Finances


Each year the Trustee produces a report and a set of accounts. A full copy of the latest accounts, for the period 1 April 2018 to 31 March 2019, can be found in the Library section of the Fund website.

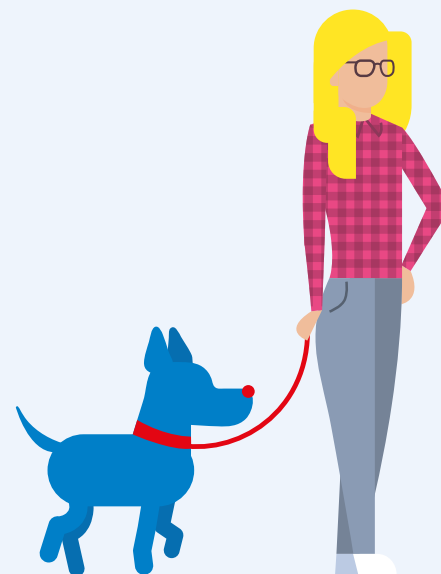
A summary of the money paid into and out of the Fund is shown below:

<b>Total Assets 1 April 2018</b>		<b>£5,841.1m</b>	
Money paid in	+	Money paid out	-
Employer contributions	£128.7m	Pension payments	£82.8m
Member contributions*	£0.2m	Lump sums on retirement	£20.3m
Other income	£0.1m	Lump sum death benefits	£0.9m
Member additional contributions	£1.9m	Leavers	£31.0m
Return on investments	£470.8m	Administration & investment expenses	£36.3m
<b>Total income</b>	<b>£601.7m</b>	<b>Total outgoings</b>	<b>£171.3m</b>
<b>Total Assets at 31 March 2019</b>		<b>£6,271.5m</b>	

\* Excludes salary sacrifice contributions of £11.6m (included in employer contributions).

Between April 2018 and March 2019, Fund assets **increased** from **£5,841.1m** to **£6,271.5m**.

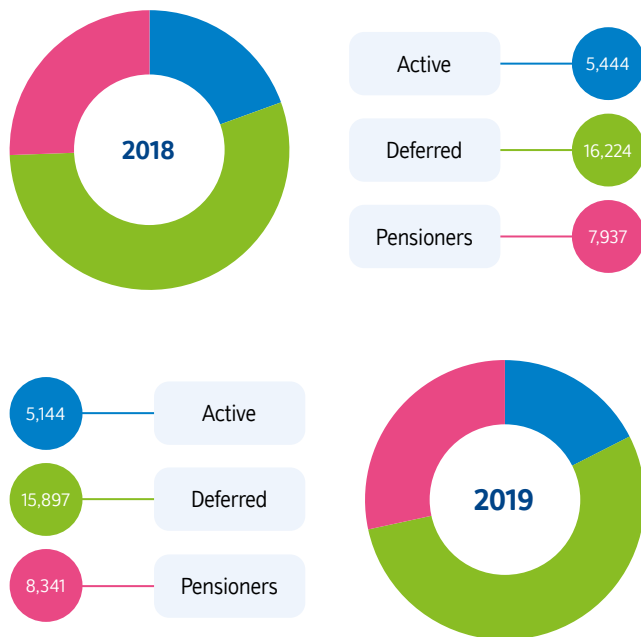
 You can find a more detailed version of the Fund Finances online at: [newsletter.nationwidepensionfund.co.uk](https://newsletter.nationwidepensionfund.co.uk)



## Our Members

Although the Fund is closed to new members, the Trustee remains responsible for almost 30,000 members.

The reported membership figures are shown below:



## Funding Update

A comprehensive review, known as an Actuarial Valuation ('Valuation'), is completed every three years by a qualified and independent Actuary. The 31 March 2019 Valuation is currently in progress.

The Valuation process takes some time to complete as, in addition to the various calculations, it's necessary for the Trustee and the Society to agree on the assumptions adopted and, if relevant, how any shortfall is dealt with. Therefore the most recent update on the financial health of the Fund is the 2018 Summary Funding Statement, a copy of which can be found by visiting:

 [newsletter.nationwidepensionfund.co.uk/funding-update](mailto:newsletter.nationwidepensionfund.co.uk/funding-update)

This summarises the interim funding review of the Nationwide and Cheshire & Derbyshire Sections of the Fund as at 31 March 2018.

The deadline for completing the 31 March 2019 Valuation is 30 June 2020. Once the results of this Valuation are available we'll provide you with a further update.

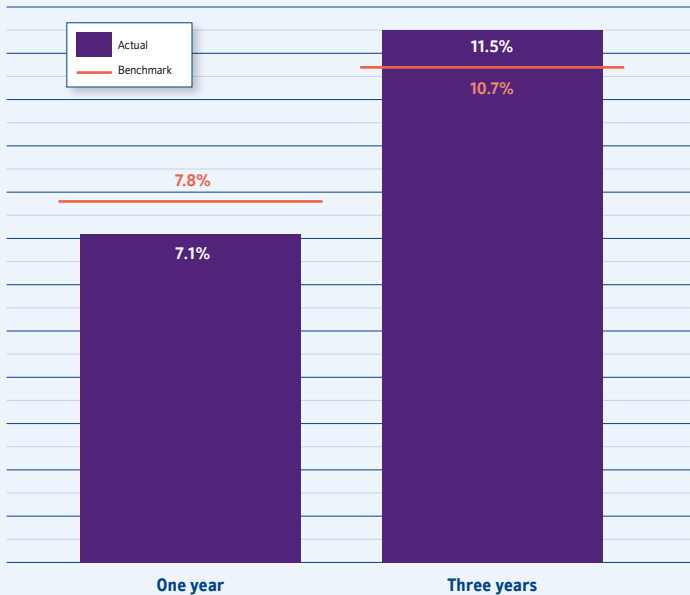


You might like to watch our video 'Managing the funding' — just visit: [nationwidepensionfund.co.uk/general/library/managing-the-funding](https://www.nationwidepensionfund.co.uk/general/library/managing-the-funding)

# Investment Update — from the Chief Investment Officer

The Fund’s investments help meet the cost of providing benefits for all the Fund’s members. This means that the performance of the Fund’s investments is really important and a responsibility we take very seriously.

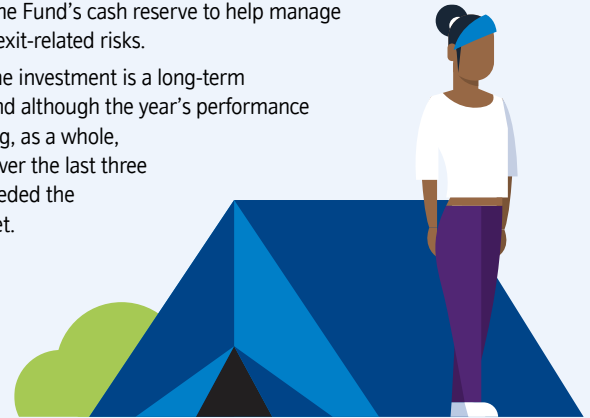
The Fund’s returns over the past one and three years are shown below:



Over the year to 31 March 2019, the Fund’s investment returns were lower than the benchmark set for the year. The main reasons for this were:

- Changes being made to the Fund’s investments which are designed to produce an income linked to the cost of future liabilities (like bonds and other index-linked assets); and
- Increasing the Fund’s cash reserve to help manage potential Brexit-related risks.

Pension scheme investment is a long-term undertaking and although the year’s performance is disappointing, as a whole, performance over the last three years has exceeded the benchmarks set.



The Nationwide Section's principal focus was the continuation of the Trustee's strategy of risk reduction and achieving the long term aim of stability.

This approach helped mitigate and lessen the impact of the volatility that UK markets faced towards the later part of the financial year. This was also supported by the additional £61m deficit recovery payment made by the Society, which is included in the £128.7m employer contributions in the Fund Finances shown on page 3.

Overall 2018-19 was a difficult year with global economic pressures and US-China trade wars impacting both equities and credit performance. The risks associated with signs of a global slowdown along with market uncertainty over Brexit have required the Trustee to be defensive — holding extra cash, being underweight in return seeking assets and continuing to increase interest rate and inflation hedging. Whilst net performance was under benchmark these actions significantly reduced the impact of falling rates on the deficit and will benefit the scheme if these factors continue to persist.

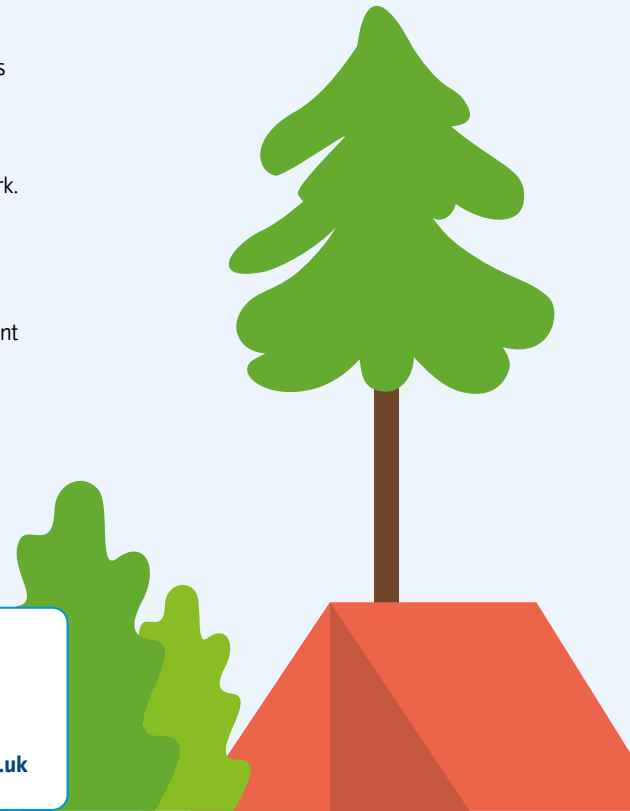
Despite these issues, the Nationwide Section's return seeking assets out-performed their benchmark by 1.1%. This reflected continued good performance from the private markets portfolio which returned 6.3% over benchmark.

The Cheshire & Derbyshire Section continues to be stable and robust given its well-funded position and controlled approach to risk.

The Trustee will continue to monitor investment performance and make any appropriate changes to the Fund's investment objectives and strategy, in conjunction with the Fund's Investment Consultants and the Investment team.



A more detailed version of the Investment Update can be found in the online version of the Annual Review: [newsletter.nationwidepensionfund.co.uk](https://newsletter.nationwidepensionfund.co.uk)



## Contact Us

If you have any general questions about the Fund, you can find a lot of information, including some simple videos about topics such as funding and investments, on the Nationwide Pension Fund website at: [nationwidepensionfund.co.uk](http://nationwidepensionfund.co.uk)

If you want to know something about your personal benefits, or to update any of the information we hold, such as your address or Expression of Wish details, you can log in to the secure Member Portal at: [npfportal.co.uk/login](http://npfportal.co.uk/login)



If you can't find the answer to your questions online, you can contact the Employee Pensions Team direct:



[pensions.team@nationwide.co.uk](mailto:pensions.team@nationwide.co.uk)



**01793 655131**  
(9am to 5pm, Monday to Friday)



**Employee Pensions**  
**Nationwide Building Society**  
**Nationwide House**  
**Pipers Way**  
**Swindon SN38 2GN**

If you're a Pensioner and have a query regarding your tax code, you can telephone AskHR on **01793 556808** and select 'option 1' (9am to 5pm, Monday to Friday).

If you're a Nationwide employee and have a query, you can create a case via 'AskHR Support' on the intranet and select 'Pensions' in the category search.

