



Pension security in times of Financial and Political uncertainty

Dear Member,

We are living in times of financial and political uncertainty. You may feel unsettled by the headlines you read on rising inflation, soaring energy bills and the war in Ukraine. As Chair of the Scottish Enterprise Pension and Life Assurance Scheme ('the Scheme'), I wanted to provide you with some reassurance on the security of your pension. I also wanted to update you on what we as Trustees are doing to ensure any impact on the Scheme and its members is kept to a minimum.

Firstly, we are deeply saddened by the situation in Ukraine and our thoughts are with the people of Ukraine. It is far from clear how long the conflict will last and how markets and energy prices will re-adjust. Many markets are still feeling bruised from the impact of the covid-19 pandemic. As Trustees we continue to monitor markets very closely and take actions where necessary.

Security of your pension

Markets have been volatile recently and are likely to remain uncertain for some time. This is understandably causing some concern for members of pension schemes. However, do not worry, your pension is a defined benefit pension which means it does not depend directly on market movements. So long as Scottish Enterprise (SE) continues to support the Scheme, your benefits will be paid in full when they become due. SE is fully committed to supporting the Scheme so that members' benefits are paid in full and we have no reason to believe that this support will not continue.

The Scheme's investments

We have worked closely with the Scheme's investment advisors to understand the current position. In summary, the Scheme's direct exposure to Russian and Ukrainian assets is very low. It equates to less than 0.3% of the Scheme's total assets. All assets are held in pooled investments so our investment managers have a duty to oversee the assets on behalf of the Trustees and adhere to sanctions. At present, managers are seeking to manage and/or sell down exposures as soon as it is practical to do so. Given the decisions taken by the managers and the Scheme's very modest exposure, the Trustees are satisfied that no further action is required at this stage.

The Scheme's funding position



The Scheme's funding position understandably continues to fluctuate in volatile markets. At the time of writing, the funding position¹ of the Scheme was around 99%. As market conditions change, it is perfectly normal for the funding position to fluctuate over time, particularly during the current climate where market conditions are changing daily. That is why the Scheme holds a range of assets deliberately designed to withstand fluctuating market conditions.

To reiterate, the market volatility and impact on the funding position should not be a cause for concern. Your pension is a defined benefit pension which means it does not depend directly on market movements. Please be assured that the Trustees remain focused on their long-term objectives

1. to pay all pensions on time and in full and
2. to be a sustainable, relevant and secure scheme for current and future generations.

We will continue to monitor the situation and consider any potential action near the end of March.

Getting in touch

If you have any questions regarding your pension or the Scheme we would encourage you to contact the Scheme's administration team by email (SCENAdmin@hymans.co.uk) or by phone (0141 566 7655). Note that if you are registered for pensionsWEB (the online member self-service facility) you can continue to use this to review and model your current benefits, view your pension payslip and request quotations and information.

Best regards,

Alistair Gray
Chair of Trustees
March 2022

¹ The funding position is the value of the Scheme's assets relative to the amount assessed to be required to meet the benefits payable to members ("the liabilities")