

September 2019

Dear Member,

Allied Domecq Pension Fund (“the Fund”) – changes to our investment strategy

In our latest Member Report - which we sent to all members who have actively opted for either digital or paper communications - we confirmed that we were continuing to seek appropriate opportunities to improve the security of members’ benefits.

I’m very pleased to inform you that we’ve recently entered into an agreement to insure the vast majority of the Fund’s pension benefits with Rothesay Life, through the purchase of an insurance policy known as a “buy-in”.

Rothesay Life is a strong and reputable insurance company and this is an important step in providing long-term security and certainty to all of the Fund’s members.

Importantly, there have been no changes to your benefits or entitlements, and there are no actions for you to take. If you’re already receiving a pension, your payments will continue to be paid in exactly the same way and on the same date as previously.

The rest of this letter is intended to give you some background to what has happened and to provide you with answers to some of the immediate questions that you might have.

A little more detail

As we’ve outlined in recent Member Reports, our funding position has been very strong for a little while now.

Over the course of the last year, we’ve been continuing to investigate ways to improve the financial security of members’ benefits. We’ve looked at a range of investment options and, after taking advice from specialist advisers, we’ve decided to purchase a buy-in policy from Rothesay Life. This included a separate and comprehensive due diligence exercise, where an independent expert analysed and advised upon the financial strength and resilience of Rothesay Life as our selected insurer.

Rothesay Life is a leading provider of bulk annuities. It’s approved by the Prudential Regulation Authority (“PRA”) and regulated by both the Financial Conduct Authority (“FCA”) and the PRA. Our buy-in policy is also covered by the Financial Services Compensation Scheme, which aims to provide 100% compensation in the unlikely event that Rothesay Life becomes unable to meet its obligations to us as a policyholder.

The Rothesay Life policy covers the vast majority of the Fund’s liabilities. We also continue to retain investment assets in addition to those that we’ve invested in the bulk annuity insurance policy.

These residual assets are designed to support the payment of any pension liabilities that are not covered by the Rothesay Life policy itself and to cover our day-to-day running costs and ongoing projects.

In addition, just as is currently the case and even though we think it's very unlikely to be necessary, Pernod Ricard SA ultimately remains responsible for funding any financial deficits that might emerge in future. With that in mind, we've worked very closely with the Company throughout this process.

Our administrator Barnett Waddingham, will continue to administer your benefits, so the way in which we interact with you will not change at all. In the background, Rothesay Life will make regular payments to the Fund from the buy-in policy to cover the majority of pension benefits that we pay out to our members.

This means that we've substantially reduced the key risks associated with running the Fund, as the future payment of our members' benefits will no longer be materially reliant on the returns earned on our assets or on assumptions such as how long pensions will be paid for.

How to get more information

The buy-in policy that we've arranged is an insurance contract between the Trustee and Rothesay Life. Because your benefits will continue to be administered by Barnett Waddingham on the Trustee's behalf, your contacts for information about the Fund remain unchanged.

If you've not previously opted to receive either digital or paper copies of Member Reports, electronic copies are available on BWebstream and details of how to login are shown at the very end of this letter.

In addition, a digital copy of this letter together with a document setting out some Questions & Answers, together with a leaflet provided by Rothesay Life can also be found online at the following address: www.alliedomecqpensions.co.uk

Alternatively, you can contact a member of the Barnett Waddingham team by calling them on 0344 264 3586 (or if you are calling from outside the UK +44 117 313 7233) between 9am and 5.15pm, Monday to Friday.

Lisa Arnold
Trustee Chairman, for and on behalf of the Allied Domecq Pension Fund



Please note that, even if you've previously opted for digital communications, we've quite deliberately issued this letter to all members by post because we want to ensure that everyone receives the same information at the same time