

Clifford Chance Pension Scheme

CLIFFORD CHANCE PENSION SCHEME

(Scheme Registration Number : 10137020)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 April 2019

Clifford Chance Pension Scheme
CONTENTS

	Page
Trustee and Advisers	1
Chairman's Review	2
Trustee Directors' Report	3
Statement regarding DC Governance	13
Independent Auditors' Report	25
Fund Account	27
Statement of Net Assets Available for Benefits	28
Notes to the Financial Statements	29
Independent Auditors' Statement About Contributions	39
Summary of Contributions Payable	40
Actuary's certificates and Schedule of Contributions	41

Clifford Chance Pension Scheme

CLIFFORD CHANCE PENSION SCHEME - TRUSTEE AND ADVISERS:

TRUSTEE: Clifford Chance Pension Trustees Limited, 10 Upper Bank Street, London, E14 5JJ

BOARD OF DIRECTORS	
<i>Employer Nominated</i>	<i>Member Nominated</i>
Robin Tremaine (Chairman)	Alison Blackwell (Deferred member) - resigned 30 June 2018
Anne Drakeford – appointed 28 November 2018	Alistair Dawson (Pensioner member)
Dorian Drew	Meredith Gibson (Deferred member) - appointed 1 July 2018
David Saleh	David Hatchard (Pensioner member)
	Tim Sherwood-King (Deferred member)

SCHEME SECRETARY:	Andy Darlison, Clifford Chance London Limited, 10 Upper Bank Street, London E14 5JJ
SCHEME ADMINISTRATOR:	Clifford Chance London Limited
ACTUARY:	Keith Poulson FIA, Aon Limited
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP
LEGAL ADVISERS:	Clifford Chance LLP Sacker & Partners LLP
INVESTMENT ADVISER:	Aon Limited (until 9 January 2019) Lane Clark & Peacock LLP (from 10 January 2019)
INVESTMENT MANAGERS:	Legal & General Investment Management Ltd Majedie Asset Management Ltd BMO Global Asset Management Ltd (from April 2019) Standard Life Investments (to September 2018) Invesco Fund Managers Limited GAM Fund Management Ltd M&G Brown Brothers Harriman (Luxembourg) S.C.A. PIMCO Nordea Asset Management BlackRock Investment Management Prudential M&G Schroders Property Investment Management
AVC MANAGERS:	Clifford Chance Pension Scheme (internal Unitised Fund) Clerical Medical Investment Group Equitable Life Assurance Society Scottish Widows plc Aviva Life & Pensions UK Limited
BANKER:	National Westminster Bank plc
PRINCIPAL AND PARTICIPATING EMPLOYER:	Clifford Chance London Limited (Principal)
NAME AND ADDRESS FOR ENQUIRIES:	Andy Darlison, Pensions Manager, Clifford Chance Pension Scheme, 10 Upper Bank Street, London E14 5JJ (andrew.darlison@cliffordchance.com or hradvice@cliffordchance.com)

Clifford Chance Pension Scheme

CHAIRMAN'S REVIEW

For the year ended 30 April 2019

During the year 1 May 2018 to 30 April 2019 there have been a number of activities and changes which have again resulted in a very busy year for the Trustee Directors. This review sets out my summary of the main events having an impact on the Scheme.

This year, we have made a number of changes to the investments of the defined benefit arrangements alongside our new investment consultant, Lane Clark & Peacock ("LCP"). LCP were selected and appointed following a review of potential investment consultants which included issuing a tender document inviting a number to respond, including the incumbent investment consultant.

The changes to the investments included setting up a Liability Driven Investment ("LDI") with BMO Global Asset Management at the very end of the year and making arrangements for future investment into two Infrastructure funds with IFM (which was completed in October 2019) and J P Morgan (which will complete once an investment opportunity arises).

We have also been preparing for the triennial actuarial valuation of the defined benefit arrangements to be carried out as at 30 April 2019. The valuation is due to be concluded by July 2020.

This is the twenty seventh year of producing an annual report and financial statements and it is the fourth year that the financial statements included in the annual report have had to comply with the Financial Reporting Standard 102 and the Statement of Recommended Practice (SORP). The main impact has been an increased level of disclosure about our investments and the financial risks associated with them.

Robin Tremaine

Chairman

28 November 2019

Clifford Chance Pension Scheme

TRUSTEE DIRECTORS' REPORT

For the year ended 30 April 2019

The Trustee Directors of the Clifford Chance Pension Scheme (the "Scheme") present their annual report for the year ended 30 April 2019.

Scheme Constitution and Management

The Scheme is an occupational pension scheme set up under trust to provide retirement benefits for certain groups of employees of Clifford Chance LLP and its current and former entities. It is governed by the First Supplemental Definitive Trust Deed and Rules dated 13 December 2001 and subsequent amendments. In June 2018 a deed of amendment was executed to provide full death benefit cover to all civil partners.

The Trustee Directors may be appointed and removed by the sponsoring employer, Clifford Chance London Limited, and the Trustee Directors may be appointed and removed by a corporate trustee company, Clifford Chance Pension Trustees Limited, under its articles of association.

Responsibility for setting the strategy and for managing the Scheme rests with the Trustee. The persons who acted as Trustee Directors during the year are listed on page 1. The Trustee Directors aim to meet at least quarterly and decisions are passed on a simple majority of those voting. During the year covered by this report the Trustee Directors met on eight occasions.

Since 1997 there has been a formal procedure for the nomination and selection of members of the Scheme to serve as Directors of the Trustee. There have been four Member Nominated Trustee Directors (MNTDs), and following the closure of the Scheme to future benefit accrual from May 2011 since July 2011 two MNTDs have been an existing deferred member and an existing pensioner member respectively, with the remaining two MNTDs being either further deferred members or further pensioner members. The MNTDs leading up to the normal nomination and selection process effective 1 July 2018 were: Alison Blackwell (Deferred Member); Alistair Dawson (Pensioner Member); David Hatchard (Pensioner Member) and Tim Sherwood-King (Deferred Member). David and Tim were re-nominated for further terms of office with effect from 1 July 2016. Alistair was re-nominated for a further term of office with effect from 1 July 2018 and Alison resigned with effect from 1 July 2018. A new MNTD, Meredith Gibson, was nominated and selected with effect from 1 July 2018. The Scheme is in compliance with the Member Nominated Trustee Regulations requiring at least one third of the Trustee board to be nominated by the membership.

The Trustee Directors' attendance at meetings of the Trustee board is summarised below. Additional trustee meetings can be convened at short notice in order to deal with more immediate matters and it would therefore not be expected, feasible or necessary for all trustee directors to attend.

Trustee Directors	Quarterly board meetings - 4 held	Additional board meetings – 4 held
Alison Blackwell	1 (only eligible for 1 meeting)	- (not eligible)
Alistair Dawson	4	4
Anne Drakeford	2 (only eligible for 2 meetings)	3
Dorian Drew	3	2
Meredith Gibson	3 (only eligible for 3 meetings)	3
David Hatchard	1	-

Clifford Chance Pension Scheme

David Saleh	2	4
Tim Sherwood-King	3	3
Robin Tremaine	4	4

Trustee Directors are not paid by the Scheme for their services. The Trustee Directors have agreed a business plan to support their governance arrangements. This includes periodic review of registers of risks and conflicts to ensure that appropriate internal controls are put in place and remain effective.

The Trustee Directors have appointed professional advisers and other organisations to support them in delivering the Scheme's objectives. These individuals and organisations are listed on page 1. The Trustee Directors have written agreements in place with each of them.

Financial developments and financial statements

The financial statements included in this annual report are the financial statements required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

There were no significant developments affecting the financial position of the Scheme during the year.

Membership and benefits

The change in membership during the year is set out below. As the Scheme matures, the number of Pensioners will form an increasing proportion of the members of the Scheme who have pension benefit entitlements.

Membership Statistics	CCPSFS Deferreds (i)	CCPSMP Deferreds (i)	CCPSFS Pensioners	CCPSFS Beneficiaries	LA Only Members (ii)	Total
At the start of the year	3,955	139	503	57	1,823	6,477
Joiners	-	-	-	-	649	649
Leavers (with no Scheme benefits)	-	-	-	-	(664)	(664)
Transfers out of Scheme	(24)	(6)	-	-	-	(30)
Retirements	(26)	-	26	7	-	7
Deaths	-	-	(4)	-	-	(4)
At the end of the year	3,905	133	525	64	1,808	6,435

CCPSFS	=	Clifford Chance Pension Scheme Final Salary section
CCPSMP	=	Clifford Chance Pension Scheme Money Purchase section
LA	=	Life Assurance only members

Notes:-

(i) Deferred Members are employees who have left the Scheme but retain a right to a pension to be paid to them (or pension account under the Money Purchase section to be available) once they reach age 65 (or for some females, age 60). Following the closure of the Scheme to future benefit accrual after 30 April 2011 there are 342 Deferred Members who also remain members of the Scheme for death in service life assurance benefits.

(ii) These employees remain covered for death in service lump sum life assurance benefits only under the Scheme.

Clifford Chance Pension Scheme

Pension increases

The Trust Deed and Rules makes provision for increases in pensions in payment and deferred pensions. The increases applied depend on when the benefits were accrued and under which pension arrangements. The table below summarises the most recent increases applied. None of the increases was discretionary.

Effective date	Minimum	Maximum	Average
Pensions in payment			
1 January 2017	0%	5%	2.5%
1 January 2018	0%	5%	4.1%
1 January 2019	0%	5%	2.7%
Deferred pensions			
			Actual
1 April 2017	0%	5%	3.5%
1 April 2018	0%	5%	3.4%
1 April 2019	0%	5%	3.0%

Transfer values

All cash equivalent transfer values paid during the year have been calculated and verified in the manner prescribed by the Pensions Schemes Act 1993 and do not include discretionary benefits.

Actuarial liabilities

As required by the Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on eligible pensionable service. This is assessed at least every 3 years using assumptions agreed between the Trustee Directors and the sponsoring employer and set out in the Statement of Funding Principles, a copy of which is available to members on the Scheme's website or on request.

The triennial actuarial valuations of the Scheme reported on in this annual report and financial statements were carried out as at 30 April 2016 (completed on 24 July 2017).

Valuation date: 30 April	2016
Value of technical provisions	£525m
Value of assets available to meet technical provisions	£379m
as a percentage of technical provisions	72%

Clifford Chance Pension Scheme

Following the closure of the Scheme to future benefit provision with effect from 1 May 2011 there are no further ongoing contributions due although deficit repair contributions remain payable.

In addition to this, the Principal Employer pays an insurance premium to cover the cost of providing the death in service lump sum benefit.

Although there are no current plans to discontinue the Scheme and buy-out liabilities with an insurance company, the Trustee Directors also consider the level of funding relative to the estimated costs of such a buy-out (known as "solvency liabilities") and equivalent information on this basis is provided below at the triennial actuarial valuations carried out as at 30 April 2016:

Valuation date: 30 April	2016
Value of solvency liabilities	£1,390m
Value of assets available to meet solvency liabilities	£379m
as a percentage of solvency liabilities	27%

The value of technical provisions is based on assumptions about various factors that will influence the Scheme in the future, such as the levels of investment returns, when members will retire and how long members will live. The method and significant actuarial assumptions used in the calculations are as follows:

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions for 30 April 2016 valuation

Pre-retirement discount interest rate: set by reference to the Retail Price Inflation (as derived from Bank of England data) at the valuation date plus an addition of 2.8% per annum.

Post-retirement discount interest rate: set by reference to the fixed interest gilt yields (as derived from Bank of England data) at the valuation date plus an addition of 0.5% per annum.

Future Retail Price inflation: derived from the Bank of England fixed interest and index-linked gilt curves at the valuation date less an inflation risk premium of 0.1% per annum.

Pension increases: derived from the future retail price inflation allowing for the caps and floors on pension increases according to the provisions in the Scheme's rules.

Mortality: in line with standard SAPS S2 'light' tables with a scaling factor of 100% for male members and 90% for female members. Future improvements in longevity in line with CMI 2014 tables with a long term rate of improvement of 1.5% per annum.

Recovery plan

In respect of the valuation carried out as at 30 April 2016 a recovery plan was agreed between the Trustee Directors and the employer dated 24 July 2017 under which deficit repair contributions of £17m per annum (plus inflationary increases) would be paid for a period of 10 years and 1 month with effect from the first payment due on 31 May 2018. On the basis of conditions prevailing, and allowing for the first deficit repair contribution under the new schedule of contributions dated 24 July 2017 being paid on 31 May 2018 along with the monthly on-account contributions of at least £583,333 the Scheme funding deficit will now be expected to be eliminated by 31 May 2026. These arrangements were formalised in the schedule of

Clifford Chance Pension Scheme

contributions which the Scheme Actuary certified on 24 July 2017. A copy of the schedule and his certificate are included on pages 41 to 44 of this annual report. The next triennial actuarial valuation of the Scheme is due as at 30 April 2019 and is currently being processed, with completion required by 31 July 2020.

Investment management

Investment strategy and principles

The Trustee Directors are responsible for determining the Scheme's investment strategy.

In accordance with section 35 of the Pensions Act 1995, the Trustee Directors have agreed a statement of investment principles ("SIP"). The statement in place during the year was dated March 2016 and reflected the changes in investment managers and target asset allocation. A copy of this statement along with subsequent statements put in place in July 2019 and September 2019 respectively are available on the Scheme's website or on request. At 5 April 2019 the SIP was in the process of being updated to reflect the current investment strategy, in particular the investment in an LDI portfolio, which was subsequently approved and signed. As a result, the actual investment asset position as at the year end was not fully aligned with the SIP in force as at that date. The Trustee Directors' investment strategy considers the Scheme's investments in the following groupings:

- **Return-seeking assets:** Predominantly equities, diversified funds, absolute return bond funds and properties, where the objective is to achieve growth within the constraints of the risk profile set by the Trustee Directors; all held through pooled investment vehicles.
- **Money purchase assets:** As these are chosen by individual members, the Trustee Directors focus primarily on the suitability of the range of investments offered.

The managers are permitted to move away from their targets (within a range specified by the Trustee Directors). This mix of investments provides a suitable spread for the Scheme bearing in mind that, in pension scheme terms, the Scheme is relatively young, both in terms of the age of its membership and the length of time that the Scheme has been in operation. During the year the mix of investments remained within the range specified by the Trustee Directors in the SIP. The managers aim to invest this portfolio in a manner which would enable them to produce real investment returns which adequately meet the long-term pension liabilities of the Scheme.

Management and custody of investments

The Trustee Directors have delegated management of investments to professional investment managers which are listed on page 1. These managers are regulated by the Financial Conduct Authority in the United Kingdom. The Trustee Directors instruct the investment managers as to the general manner in which the funds should be invested. The assets managed by all managers are invested in pooled funds which gives the Trustee Directors a right to the cash value of the units rather than to the underlying assets. As a result the Trustee Directors have no influence over the underlying investments and how the investments are acted upon, including voting participation and the consideration of social, ethical and environmental factors when making investment decisions, although can review the managers' policies and statements of compliance in respect of these matters.

The investment managers of the pooled fund are responsible for the appointment and monitoring of the

Clifford Chance Pension Scheme

custodian of the underlying assets. The investment management fees charged by all managers involve a cancellation of units in the pooled funds and are not expressed explicitly.

Investment performance

The Trustee Directors assess the performance of the Scheme's investments in the following groupings consistent with the overall strategy:

- **Return-seeking assets** are assessed by reference to benchmarks and performance targets set and agreed with each manager.
- **Money purchase assets:** As these are chosen by individual members, the Trustee Directors receive information about performance against benchmarks. Performance information is provided to members as part of the annual package of information.

The Trustee Directors receive detailed reports from their investment adviser quarterly, along with monthly updates, showing actual performance by manager and fund. Monitoring of managers was delegated to Aon (until 9 January 2109) and Lane Clark & Peacock (from 10 January 2019) although investment managers may be required to present to the Trustee Directors during the year if and when required. DC members are provided with an annual summary of the performance of their chosen fund and further information is available through fund factsheets which are available on the Scheme's website or on request. The last quarterly performance report made available was as at 31 March 2019 and the performances (net of fees) are set out in the following table:

Annualised return	1 year		3 years (pa)		Allocation at 31 March 2019
	Portfolio	Benchmark/Target	Portfolio	Benchmark/Target	
Return seeking assets					
UK Equities					30.1%
Legal & General	6.4%	6.4%	9.6%	9.5%	
Majedie	3.6%	6.4%	8.2%	9.5%	
Global Equities					21.5%
Legal & General	11.1%	11.3%	14.9%	15.1%	
Property					12.8%
BlackRock	4.9%	4.8%	6.1%	6.1%	
M&G	5.4%	4.8%	5.9%	6.1%	
Schroders	5.5%	4.8%	7.5%	6.1%	
Diversified Growth (DGF)					20.8%
Invesco	-2.0%	5.1%	n/a	n/a	
Nordea	n/a	n/a	n/a	n/a	
Absolute Return Bond (ARB)					14.3%
M&G	1.0%	3.4%	3.5%	3.2%	
GAM	-1.0%	4.1%	2.4%	3.9%	
PIMCO	1.5%	3.4%	n/a	n/a	
Cash					0.5%
Scheme total	4.3%	6.3%	7.0%	8.5%	100%

Over the 1 year period to 31 March 2019 the Scheme underperformed the composite benchmark/target of

Clifford Chance Pension Scheme

6.3% by 2.0% and over the 3 year period to 31 March 2019 the Scheme underperformed the composite benchmark/target of 8.5% per annum by 1.5% per annum.

The benchmark is made up of the appropriate asset indices for each of the underlying funds, save for the Absolute Return Bond funds (ARBs) and the Diversified Growth Funds (DGFs) where the target return has been used.

The principal economic factors which have affected the benchmarks against which performance is compared were as follows:

UK equities

UK equities posted a return of 2.7% over the year to 30 April 2019, significantly lagging the wider equity market. The UK's political situation, largely in respect of Brexit, dampened investor sentiment. Performance over the period was highly volatile with negative returns towards the end of 2018, followed by a very strong first quarter of 2019 as UK energy stocks were buoyed by an increasing oil price.

Overseas equities

Overseas equities continued an upward trend over most of 2018 and early 2019. The Scheme's overseas equity allocation returned 12.1% over the year to 30 April 2019. The main theme was the ebb and flow of the US/China trade war. This resulted in volatility, with all major equity indices producing negative returns over the last quarter of 2018, but subsequently rebounding over the first quarter of 2019. US equities rose over the start of 2019 on supportive comments on policy from the US Federal Reserve.

UK gilts

Gilt yields remained close to historical lows and continued to be volatile over the last two quarters of 2018, despite the Bank of England ("BoE") raising interest rates from 0.5% to 0.75% in August 2018 – the highest level since 2009. The rate increase had been largely anticipated by investors, however, therefore this had little impact on markets. Expectations for the BoE to adopt a more accommodative monetary policy led to 10-year gilt yields dipping below the short-term policy rate for the first time since 2008. There were also rising inflation expectations over the period, which led to index-linked gilts outperforming their fixed counterparts.

UK property

Property returns were broadly positive over the year to 30 April 2019 with the Scheme's total property allocation delivering 2.6% over the period. The UK property market was largely characterised by a shift from capital growth to more income return-driven performance. The industrial sector continued to produce the strongest returns, while the high street retail sector again suffered a decline. On a more positive note, the pace of capital value decline in the retail sector has reduced to some extent in recent months. In particular, more defensive sectors within retail, such as supermarkets, held up relatively well.

Clifford Chance Pension Scheme

The Trustee Directors have considered the nature, disposition, marketability, security and valuation of the Scheme's investments and consider them to be appropriate relative to the reasons for holding each class of investment. A number of changes were made after the Scheme year end to reflect this. More details about investments as at the Scheme year end are given in the notes to the financial statements.

Money purchase funds

Since March 1996 members have had the choice between two investment options, namely:

1. a with-profits arrangement, intending to provide steady growth; and
2. the unitised mixed asset fund investment, which is shared with the main pension scheme, but separately identified by the pensions administration team unitisation arrangements. This should provide higher returns in the longer term, but is likely to be more volatile in the short term.

A further investment option, a cash based fund operated by Clerical Medical, was made available from October 2004 and from 1 May 2015 two "passive" UK Equity and Overseas Equity index funds were made available managed by L&G.

The Trustee Directors originally selected Equitable Life as the office for members who wished to pay AVCs on a with-profits basis. This decision was reviewed and Clerical Medical have been operating the ongoing with-profits contract for some time now. The funds which support with-profits contracts invest in a diversified range of assets, but in order to support the guarantees offered by the contracts, the funds maintain a larger exposure to fixed interest investments and a correspondingly smaller amount in equities, compared to typical unit-linked managed funds.

Life Office with-profits contracts have a capital guarantee and a bonus structure which enables the capital value of an investment to accumulate steadily. The Clerical Medical policy offers an accumulation of "Bonus Interest" each year and a terminal bonus at the end of the contract term.

It is not possible to provide a sensible analysis of the performance for either the Equitable Life or Clerical Medical with-profits funds, or to compare them against other with-profits funds. This is primarily due to the changing bonus rates and adjustments under with-profit policies.

The Clerical Medical with-profits option has been available since June 2001. The with-profits fund invests in a wide range of stocks and shares. The returns achieved on these investments within their with-profits fund will determine the level of growth achieved by investors in the with-profits fund. This growth is achieved by way of a regular bonus added to member's funds each year. By awarding a regular bonus, the with-profits fund aims to smooth out any fluctuations in market performance. At retirement or on leaving the Scheme, members may also receive an additional bonus payment (the "terminal bonus") to reflect the investment earnings from the with-profits fund. This will depend on the performance of the fund over the period they are invested.

During the year Equitable Life had given an indication that it was planning to sell its business and later in 2019 this was agreed. Subject to approval in the High Court the existing Equitable Life investments will be transferred into a series of unit-linked funds with Utmost Life and Pensions in January 2020.

Employer-related investments

A statement regarding employer-related investments are given in note 18 to the financial statements.

Clifford Chance Pension Scheme

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Scheme by or on behalf of employers and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Scheme in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Clifford Chance Pension Scheme

Further information


Requests for additional information about the Scheme generally, or queries relating to members' own benefits, should be made to the contact listed on page 1.

Approval

The Trustee Directors' Report was approved by the Trustee Directors on 28 November 2019 and signed on their behalf by:

Date: 28 November 2019

()
Trustee Director

()
Trustee Director

Clifford Chance Pension Scheme

Statement regarding DC governance For the year ended 30 April 2019

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the Trustee Directors to prepare a statement regarding governance, which should be included in the annual report.

This statement is in relation to the Money Purchase Section of the Clifford Chance Pension Scheme ("the Scheme") and the Voluntary Contributions ("VCs") for both Money Purchase members and Final Salary members of the Scheme, collectively referred to in this statement as the "Defined Contribution (or "DC") Section". This statement covers the period from 1 May 2018 to 30 April 2019 and is signed on behalf of the Trustee Directors by the Chair.

This statement covers governance and charges disclosures in relation to the following:

- Processing of core financial transactions;
- Member borne charges and transaction costs, including Value for Members; and
- Trustee knowledge and understanding.

This statement does not cover governance of the default arrangement because a) the Money Purchase Section was closed to new contributions before 6 April 2015 when these regulations came into force and b) the VC arrangement does not have a default.

1. Processing of Core Financial Transactions

The Trustee Directors have a specific duty to ensure that core financial transactions (including transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members) relating to the DC Section of the Scheme are processed promptly and accurately.

In relation to the DC Section of the Scheme, all transactions are undertaken on the Trustee Directors' behalf by the HR Team of Clifford Chance London Limited, in its capacity as the Scheme administrator, and by the Scheme's investment managers.

The Clifford Chance HR team reports to the Trustee Directors on the administration and governance of the Scheme, which includes reporting on the accuracy and timeliness of all DC transactions carried out. The Trustee Directors have concluded that this reporting provides them with the high-level management information required, recognising that it is not currently possible or appropriate to report on performance against Service Level Agreements.

Each administration/governance report summarises all DC transactions that have taken place over the year to date and the timeframe in which they were processed. The Trustee Directors regularly review this information and have concluded that all DC transactions over the year were processed promptly.

The Clifford Chance HR team confirmed to the Trustee Directors that all DC transactions over the year were processed accurately and in line with agreed procedures. Amongst other things, these procedures included performing regular reconciliations of the Scheme bank account and following comprehensive money handling controls (which require two Trustee Directors to sign off all payments from the Scheme).

The Clifford Chance HR team confirmed to the Trustee Directors that there were no breaches of the law, member complaints or other administrative issues to report to the Trustee Directors over the year.

In the light of the above, the Trustee Directors consider that the requirements for processing core financial transactions have been met.

Clifford Chance Pension Scheme

2. Member Borne Charges and Transaction costs, including Value for Members

The Trustee Directors regularly monitor the level of charges borne by members through the funds. These charges comprise:

- express explicit charges, such as the Annual Management Charge (AMC), and additional expenses that are disclosed by the fund manager as part of the Total Expense Ratio (TER).
- implicit charges, known as transaction costs, such as the costs borne within the fund for activities such as buying and selling of particular securities within the fund's portfolio.

The Administration Regulations require the Trustee Directors to make an assessment of charges and transaction costs borne by members and the extent to which those charges and costs represent good Value for Members.

Approximately 80% of the assets held in the DC Section of the Scheme are invested in the internal unitised fund. This fund had an estimated TER of 0.466% p.a. over the year.

The Trustee Directors also make available a selection of alternative funds which may be chosen by members or, in the case of legacy funds, may have previously been chosen by members historically (including with-profits funds). These funds attracted AMCs or TERs of between 0.035% p.a. and 1.500% p.a. over the year.

Transaction costs also applied over the year. These ranged between -0.022% p.a. and 0.37% p.a. over the year. Negative transaction costs can arise from selling into a rising market or buying into a falling market, where the transaction cost calculation produces a credit that may outweigh the other 'explicit' transaction costs. Note that a negative overall transaction cost will increase the fund value (very marginally).

No administration costs are borne by members of the DC Section of the Scheme, as these costs are all met by the employer.

Full details of the member borne costs and charges on all funds offered in the DC Section of the Scheme over the year are set out in the Appendix to this statement. The Appendix also includes illustrations of the cumulative impact over time of these costs and charges on members' benefits as well as including the DC specific SIP which was put into place in September 2019.

The Trustee Directors have considered the costs and charges paid by members and have assessed the extent to which these represent good Value for Members.

In order to carry out this assessment, the Trustee Directors have established a cost-benefit analysis framework. The Trustee Directors' view is that the primary value for members is achieved by providing appropriate investments with appropriate charges. In particular therefore, the assessment has considered the level of costs and charges that members pay (as discussed above) against the benefits that members may derive from the quality of the Scheme's investments. In carrying out this assessment the Trustee Directors have considered general market practices and comparisons.

The Trustee Directors' assessment concluded that, given the quality of the investments available and the level of charges members pay (and the fact that the employer meets all administration costs), the DC Section of the Scheme offers good Value for Members, save as set out below.

In the case of the legacy Clerical Medical cash funds, the Trustee Directors are aware that these can give members a negative return after charges. However, the Clifford Chance HR Team have advised the Trustee Directors that they have been unable to find any other provider prepared to offer a cash fund given the size of the fund and no new regular contribution inflows.

In the case of the with-profits funds with Scottish Widows, Equitable Life and Clerical Medical, whilst the

Clifford Chance Pension Scheme

AMCs have been provided, the Trustee Directors have been advised that, given that the nature of with-profits funds is such that the eventual return to each member is dependent on features such as bonuses and guarantees, no meaningful performance analysis of the with-profits funds can realistically be provided. Therefore, it is not possible for the Trustee Directors to make a general statement as to the Value for Members that the costs and charges represent in relation to the with-profits funds with Equitable Life, Scottish Widows and Clerical Medical. However, the Trustee Directors would like to highlight that if Equitable Life's proposal to transfer its business and policies to Utmost Life and Pensions goes ahead, the with-profits funds with Equitable Life will be converted to unit-linked funds as part of the transfer process. Therefore, the Trustee Directors will be in a position to start commenting on the Value for Members for these funds from that point onwards.

As the employer meets all administration costs, the Trustee Directors have excluded the quality of the Scheme's administration from the above assessment. However, the Trustee Directors do believe that a positive member experience also adds value and therefore the Clifford Chance HR team are instructed to:

- a. report regularly to the Trustee Directors regarding the timeliness and accuracy of DC transactions (as discussed in section 1 above); and
- b. provide clear communications to members throughout their membership, including providing information regarding the full range of retirement options available as a member approaches retirement (or when approached by members for information on their retirement options).

3. Trustee's Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7. The comments in this section relate to the Trustee Directors dealing with the whole Scheme and are not restricted to the DC Section.

Over the year covered by this statement, two new Trustee Directors were appointed. The Scheme's new Trustee Director induction process was followed, with introductory Trustee training being provided by the Secretary to the Trustee and the new Trustee Directors being made aware of their responsibilities regarding trustees' knowledge and understanding.

The Secretary to the Trustee works with the Chair of the Trustee to manage the Trustee Directors' training schedule, discussing with the Trustee Directors and their professional advisers forthcoming areas of focus and what specific Knowledge and Understanding requirements may be. The Trustee Directors' professional advisers regularly attend Trustee meetings to provide agenda specific training and advice to support the Trustee Directors' decision-making at each point in time.

Over the year covered by this statement, the Trustee Directors have, amongst other things:

- received legal advice regarding the indexations of pensions, taking into account the Scheme's Trust Deed & Rules and also the wider law relating to pensions and trusts;
- made decisions on specific member cases, taking into account the requirements of the Scheme's Trust Deed & Rules and also the wider law relating to pensions and trusts;
- carried out regular annual tasks, such as reviewing and signing off the Trustee Report & Financial Statements;
- reviewed and discussed an assessment of the DC Section of the Scheme against the legal requirements set out in the Pension Regulator's DC Code of Practice, helping to maintain their knowledge of the law relating to (DC) pensions and trusts;

Clifford Chance Pension Scheme

- reviewed and monitored the investment strategy and investment performance of the Final Salary Section of the Scheme and the internal unitised fund of the DC Section of the Scheme, using their knowledge to consider any options/actions with their professional advisers and reflecting agreed changes in updated versions of the Statement of Investment Principles;
- received training on 'Liability Driven Investments' and 'Alternative Investments', to assist with the review of the investment strategy noted above;
- carried out actions in advance of the 2019 actuarial valuation of the Final Salary Section of the Scheme;
- regularly monitored movements in the Scheme's funding position; and
- received training and regular updates on topical issues in pensions, such as Equitable Life's transfer proposal.

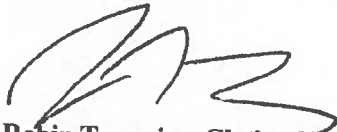
The Trustee Directors therefore consider that they have met the Pensions Regulator's Knowledge and Understanding requirements (as set out under Code of Practice No 7) over the year covered by this statement.

The Trustee Directors have a broad range of additional and complementary skills on which to draw. Areas of expertise include Tax law, Property law, Finance, Litigation and Human Resource.

In addition to the skills within the trustee board, and as already noted above, the Trustee Directors have engaged with their appointed professional advisers regularly throughout the year. These advisers include Investment Consultants, Actuaries and Lawyers.

The Trustee Directors remain of the opinion that that their skills, including their wider knowledge and background (discussed above), together with the support provided by the Secretary to the Trustee and the Scheme's appointed professional advisers, ensures that the Scheme is run, and the Trustee Directors' functions are exercised, properly. The Trustee Directors believe that this has been demonstrated and evidenced by the regular meetings and correspondence throughout the year, where training and advice has been provided, discussions held and decisions taken in relation to any matters material to the running of the Scheme.

Approved by the Trustee Directors of the Clifford Chance Pension Scheme



Robin Tremaine, Chair of Trustee

Date of signing: 28 November 2019

Clifford Chance Pension Scheme

Appendix (relating to Statement regarding DC governance)

1. Member borne costs and charges for the year ended 30 April 2019

Provider	Fund	Total Expense Ratio (p.a.)	Transaction Cost (p.a.)
Aviva	Pension Mixed Investment Fund	0.880% ³	0.044%
Clerical Medical	Cash Fund	0.495% ³	0.010% ¹
Clerical Medical	Retirement Protection Fund	0.495% ³	0.190% ¹
Clerical Medical	Halifax Cash Fund	0.495% ³	0.000% ¹
Clerical Medical	With-Profits Fund	0.495% ³	0.210% ¹
Equitable Life	Managed Fund	0.750%	0.130% ¹
Equitable Life	Property Fund	1.440% ⁷	0.180% ¹
Equitable Life	European Fund	0.750%	0.240% ¹
Equitable Life	North American Fund	0.750%	0.010% ¹
Equitable Life	Far Eastern Fund	0.750%	0.160% ¹
Equitable Life	International Growth Fund	0.750%	0.150% ¹
Equitable Life	Investment Trusts	0.750%	0.180% ¹
Equitable Life	Pelican Fund	0.750%	0.370% ¹
Equitable Life	Gilt and Fixed Interest Fund	0.500%	0.140% ¹
Equitable Life	Money Fund	0.500%	0.010% ¹
Equitable Life	With-Profits Fund	1.500% ⁶	0.050% ²
Scottish Widows	With-Profits Fund	1.000%	0.000%
Legal & General	UK Equity Index	0.035% ³	-0.022% ^{1,9}
Legal & General	World (ex UK) Equity Index	0.091% ³	-0.006% ^{1,9}
Clifford Chance	Unitised Fund	0.466% ^{3,1,8}	0.097% ¹

Notes:

1. For these funds, at least some of the transaction costs are over the year to 31 March 2019, as this is what the providers were able to provide.
2. Equitable Life were only able to provide details of transaction costs over the year to 31 December 2018 for their With-Profits fund.
3. These providers (or in the case of the Unitised Fund, some of the underlying fund managers) were unable to detail the Total Expense Ratio, and so their figures represent the Annual Management Charge.
4. A performance related fee applies to the Unitised Fund, which varies from year to year. An allowance for this has been made in the above figure.
5. No administration costs are borne by members of the DC Section of the Scheme, as these costs are all met by the employer.
6. This includes 0.50% p.a. for the cost of guarantees.
7. This includes 0.44% p.a. for property management expenses over the year to 31 December 2018.
8. This includes an allowance for Property Expense Ratios.
9. Some transaction costs provided are negative. This can arise from selling into a rising market or buying into a falling market, where the transaction cost calculation produces a credit that may outweigh the other 'explicit' transaction costs. Note that a negative overall transaction cost will increase the fund value (very marginally).

2. Illustrations of the cumulative impact of costs and charges on members' benefits

The following tables illustrate the effect of costs and charges for a "typical" member of the DC section of the Scheme. Given the majority of members in the DC section of the Scheme invest in the internal Unitised Fund, this fund has been used for the illustration. For comparison purposes, we have also shown an illustration for a member invested in the Legal & General UK Equity Index Fund. Both illustrations are based on a member currently age 39, with a starting pot value of £50,000.

Clifford Chance Pension Scheme

i) Member invested in the internal Unitised Fund

Value after x years	Age	Estimated fund value (before charges)	Estimated fund value (after charges)	Impact of charges on fund value
1	40	£51,320	£51,050	£270
6	45	£58,440	£56,650	£1,790
16	55	£75,790	£69,750	£6,040
26	65	£98,300	£85,880	£12,420

ii) Member invested in the Legal & General UK Equity Index Fund

Value after x years	Age	Estimated fund value (before charges)	Estimated fund value (after charges)	Impact of charges on fund value
1	40	£51,950	£51,940	£10
6	45	£62,910	£62,860	£50
16	55	£92,250	£92,070	£180
26	65	£135,280	£134,850	£430

Notes:

1. The projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. For the purpose of these illustrations, inflation has been assumed to be 2.5% each year, the Unitised Fund has been assumed to achieve a return of 5.2% each year (before charges) and the Legal & General UK Equity Index Fund has been assumed to achieve a return of 6.5% each year (before charges). Future charges, allowing for both transaction costs and the total expense ratio, have been assumed to be 0.545% each year for the Unitised Fund and 0.013% each year for the Legal & General UK Equity Index Fund.
3. The values shown are illustrations only and are not guaranteed.
4. The illustrations have been produced in line with statutory guidance.

Clifford Chance Pension Scheme – Money Purchase section (“the Scheme”) Statement of Investment Principles (“the Statement”)

1. Scope of Statement

This Statement sets out the policy of the Trustee of the Clifford Chance Pension Scheme (“the Trustee”) on various matters governing decisions about the investments of the Money Purchase section of the Clifford Chance Pension Scheme. The Trustee maintains a separate Statement for the Final Salary section. This Statement replaces the previous Statement dated July 2019.

This Statement has been prepared in accordance with Section 35 of the Pension Act 1995 (as amended by the Pension Act 2004 and the Occupational Pension Plans (Investment) Regulations 2005) and the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015, which introduced new minimum governance standards that apply to all trust-based Defined Contribution (DC) schemes).

In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to appointed investment managers. The investment managers shall provide the skill and expertise necessary to manage the investments of the Scheme competently.

The effective date of this Statement is 5 SEPTEMBER 2019. The Trustee will review this Statement and the Scheme's investment strategy no later than three years after the effective date of this Statement and without undue delay after any significant change in investment policy.

2. Consultations Made

The Trustee has consulted with the relevant employer in writing this Statement.

The Trustee is responsible for the investment strategy of the Scheme. The Trustee has obtained and considered written professional advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice was provided by Aon Hewitt Ltd (“Aon”), the Scheme's investment adviser for the Money Purchase section, whom the Trustee believes to be suitably qualified and experienced to provide such advice and who are authorised and regulated by the Financial Conduct Authority.

The day to day management of the Scheme's assets has been delegated to investment managers who are appropriately authorised and regulated as required under the Financial Services and Markets Act 2000 (amended by the Financial Services Act 2012). A copy of this Statement is available to Scheme members on request and is stored on the Scheme's website.

3. Objectives and Policy for Securing Objectives

The Trustee's primary objectives for setting the investment strategy of the Money Purchase section of the Scheme are:

- “asset choice” to ensure members have an appropriate choice of assets for investment
- “return objective” to enable members to benefit from investment in “growth” assets until they approach retirement, when they will be able to switch to “matching” assets which are more related to the purchasing cost of their income and cash in retirement

4. Choosing Investments

The investment options offered to members of the Money Purchase section are deemed appropriate, given the profile of the membership. A range of funds is available to members. A summary of the investment options that were available until the funds were closed to new contributions is set out in the Appendix.

In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

- The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme asset allocation, when selecting managers and when monitoring their performance.

Day to day selection of stocks is delegated to the fund managers appointed by the Trustee. The Trustee takes regular professional advice when formally reviewing managers or funds offered to members.

The Trustee and investment managers to whom discretion has been delegated exercise their powers to give effect to the principles in this Statement, so far as is reasonably practicable.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

5. The Balance between Different Kinds of Investments

The Trustee recognises that the key source of financial risk (in relation to meeting their objectives) arises from fund selection for the Money Purchase section. The Trustee therefore retains responsibility for selecting a range of appropriate funds for the members to subsequently choose from for the Money Purchase section. The Trustee takes expert advice as required from professional advisers.

6. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriate investments.

Details of the investment managers are set out in the Appendix.

The Trustee has signed agreements with the investment managers setting out in detail the terms on which the portfolios are to be managed. The investment managers' primary role is the day-to-day investment management of the Scheme's investments.

The Trustee has limited influence over managers' investment practices because all the Scheme's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. The duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

7. Investment Risk Measurement and Management

The Trustee recognises that members take the investment risk. The Trustee takes account of this in the selection and monitoring of the investment managers and the choice of funds offered to members.

8. Custody

The assets managed by all managers are invested in pooled funds which gives the Trustee a right to the cash value of the units rather than to the underlying assets. The investment managers of the pooled funds are responsible for the appointment and monitoring of the custodian of the underlying assets.

9. Expected Returns on Assets

Returns achieved by the fund managers within the Money Purchase section are assessed against performance benchmarks set by the Trustee in consultation with the advisers and fund managers.

10. Realisation of Investments/Liquidity

The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise.

The majority of the assets held are realisable at short notice (either through the sale of direct holdings of stocks, bonds etc. or the sale of units in pooled funds).

11. Consideration of financially material and non-financial matters

The Trustee has considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee has limited influence over managers' investment practices where assets are held in pooled funds but expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) as the managers consider appropriate where relevant to financial performance.

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

12. Stewardship

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

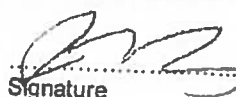
The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee has limited influence over managers' stewardship practices where assets are held in pooled funds.

13. Effective Decision Making

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. It also recognises that where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to evaluate critically any advice it takes.

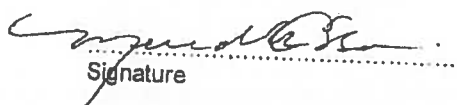
14. Voluntary Contribution ("VC") Arrangements

Some members obtained further benefits by paying VCs to the Scheme. These funds are now closed to new contributions. A summary of the investment options that are available for existing contributions is set out in the Appendix.


Signature

Director for Clifford Chance Pension Trustees Ltd

5 SEPTEMBER 2019
Date


Signature

Director for Clifford Chance Pension Trustees Ltd

5 September 2019
Date

Clifford Chance Pension Scheme Appendix to Statement of Investment Principles

This Appendix sets out the Trustee's current fund range available for the Money Purchase Section of the Scheme and for Voluntary Contributions and is supplementary to the Trustee's Statement of Investment Principles (the "attached Statement").

The Trustee has made a range of Money Purchase and VC investment options available to the members of the Scheme. In addition, the Firm has opened up its Group Personal Pension Plan to Scheme members wishing to have a wider fund choice in which to invest their VCs. Some members have existing Money Purchase and VC monies invested in previously available investment funds with Equitable Life, Aviva and Scottish Widows.

Although the funds are closed to new contributions, a summary of both the investment options that have been available in the past and also the investment options still currently available for existing contributions is set out below:

Provider	Fund	Investment Objectives	Notes	Annual Management Charge
Managed alongside assets of Final Salary Section (excluding LDI)	Unitised Mixed Managed Fund	<p>The investment objectives are the same as for the assets of the Final Salary Section of the Scheme (excluding LDI) as set out in the Statement of Investment Principles for the Final Salary section.</p> <p>The assets of the Unitised Fund are held in the same funds as the Final Salary Section as set out in the Statement of Investment Principles for the Final Salary section, with the exception that no assets are held in the LDI funds managed by BMO; for the Money Purchase section the 25% of assets held in these funds are instead held in the Majedie and L&G equity funds.</p>	Available from April 1996	As for underlying assets in Final Salary Section (excluding LDI) as set out in the Statement of Investment Principles for the Final Salary section.
Legal & General	UK Equity Index Fund	To track the FTSE All-Share Index gross of fees	Available from 1 May 2015	0.05%
Legal & General	World (ex UK) Equity Index Fund	To track the FTSE World (ex- UK) Index gross of fees	Available from 1 May 2015	0.13%
Equitable Life, Scottish Widows and Aviva	With-profits* and unit-linked funds	To invest in a diverse range of assets. In the case of With-Profits, but in order to support the guarantees offered by the contracts, the funds maintain a larger exposure to fixed interest investments and a correspondingly smaller amount in equities, compared to typical unit-linked managed funds.	<p>Scottish Widows and Aviva available until March 1996.</p> <p>Equitable Life available until December 2000.</p>	<p>0.5%-1.36% for unit-linked funds</p> <p>Inherent within the bonus declarations for with-profits</p>

Clifford Chance Pension Scheme - Statement of Investment Principles

Provider	Fund	Investment Objectives	Notes	Annual Management Charge
Clerical Medical	With-profits*	Aims to generate capital growth over the medium to long term (at least 5 years), with some stability against market volatility in the short term. The fund invests in shares in UK and overseas companies, property, fixed-interest investments (such as Government bonds) and other types of investment (e.g. cash).	Replacement following closure of Equitable Life to new business, available from June 2001	Inherent within the bonus declarations
Clerical Medical	Cash fund	The fund aims to give a rate of return in addition to liquidity through investing in short term cash deposits and other forms of interest bearing money instruments where the capital is at low risk - normally in the UK.	Available from October 2004	0.5%
Clerical Medical	Halifax cash fund	The fund invests in deposits within the Lloyds Banking Group. The rate of return varies in line with changes in interest rates which, together with the annual management charge, is reflected in the unit price.	Available from October 2004	0.5%

*The growth is achieved by way of a regular bonus added to member's funds each year. By awarding a regular bonus, the with-profits fund aims to smooth out any fluctuations in market performance. At retirement, or on leaving the Scheme, members may also receive an additional bonus payment to reflect the investment earnings from the with-profits funds. This will depend on the performance of the fund over the period they are invested.

Fee structure for advisers and managers

Advisers

The Trustee's investment advisers are paid for advice received on the basis of the time spent by the adviser. For significant areas of advice (for example one off special jobs, or large jobs), the Trustee will endeavour to agree a project budget.

These arrangements recognise the bespoke nature of the advice given, and that no investment decisions have been delegated to the adviser.

Investment managers

The investment managers are remunerated as a set percentage of the assets under management as per the annual management charges set out in the table above. This is in keeping with market practice.

Clifford Chance Pension Scheme

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE CLIFFORD CHANCE PENSION SCHEME

Report on the audit of the Financial Statements

Opinion

In our opinion, Clifford Chance Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 April 2019, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the annual report and financial statements, which comprise: the statement of net assets available for benefits as at 30 April 2019; the fund account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Scheme, its operations and other organisations on which it depends, and the wider economy.

Reporting on other information

The other information comprises all the information in the annual report and financial statements other than the financial statements and our auditors' report thereon. The Trustee is responsible for the other

Clifford Chance Pension Scheme

information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Prumach meooy m?

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 28/11/19

Clifford Chance Pension Scheme

FUND ACCOUNT FOR THE YEAR ENDED 30 April 2019

	Notes	2019			2018		
		Final Salary £'000s	Money Purchase £'000s	Total £'000s	Final Salary £'000s	Money Purchase £'000s	Total £'000s
Contributions and Benefits							
Employer Contributions	4	17,654	-	17,654	19,874	-	19,874
		17,654	-	17,654	19,874	-	19,874
Benefits	5	(4,829)	-	(4,829)	(3,813)	-	(3,813)
Transfers to other plans	6	(3,900)	(1,504)	(5,404)	(6,570)	(830)	(7,400)
Other payments	7	(369)	(13)	(382)	(270)	(10)	(280)
		(9,098)	(1,517)	(10,615)	(10,653)	(840)	(11,493)
Net additions/(withdrawals) from dealings with members and employer		8,556	(1,517)	7,039	9,221	(840)	8,381
Net returns on investments							
Investment income	9	1,692	33	1,725	1,309	33	1,342
Investment management expenses	10	(313)	(6)	(319)	(441)	(11)	(452)
Change in market value of investments	11	17,726	(1,350)	16,376	21,593	1,684	23,277
		19,105	(1,323)	17,782	22,461	1,706	24,167
Net increase/(decrease) in the fund		27,661	(2,840)	24,821	31,682	866	32,548
Opening net assets		500,911	13,888	514,799	469,229	13,022	482,251
Closing net assets		528,572	11,048	539,620	500,911	13,888	514,799

The notes on pages 29 to 38 of this report form an integral part of these financial statements.

Clifford Chance Pension Scheme

STATEMENT OF NET ASSETS

AVAILABLE FOR BENEFITS AS AT 30 April 2019

	Notes	2019			2018		
		Final Salary £'000s	Money Purchase £'000s	Total £'000s	Final Salary £'000s	Money Purchase £'000s	Total £'000s
Investment assets	11						
Pooled Investment Vehicles		491,687	9,198	500,885	465,083	11,007	476,090
Voluntary Contributions		30,039	1,720	31,759	31,623	2,775	34,398
		521,726	10,918	532,644	496,706	13,782	510,488
Current assets	19	6,846	130	6,976	4,205	106	4,311
Total net assets available for benefits		528,572	11,048	539,620	500,911	13,888	514,799

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee Directors. They do not take account of obligations to pay pensions and benefits which fall due after the end of the accounting period.

The actuarial position of the Scheme which does take account of such obligations for the Final Salary section, is dealt with in the report on actuarial liabilities on pages 5 to 6 of the annual report and these financial statements should be read in conjunction with them.

The notes on pages 29 to 38 of this report form an integral part of these financial statements.

The financial statements on pages 27 to 38 were approved by the Trustee Directors on 28 November 2019

Signed on behalf of the Trustee Directors of Clifford Chance Pension Trustees Limited:

Trustee Director



Trustee Director



Clifford Chance Pension Scheme

Notes to the financial statements

For the year ended 30 April 2019

1. General information

The Clifford Chance Pension Scheme (the "Scheme") is an occupational pension scheme established under trust.

The Scheme was established to provide retirement benefits to employees of Clifford Chance London Limited. The address of the Scheme's principal office is 10 Upper Bank Street, London E14 5JJ.

The Scheme has a Final Salary and a Money Purchase section which are both closed to new members and, since 1 May 2011, to future benefit accrual.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees, at the time, are normally eligible to tax relief, and income and capital gains earned by the Scheme receive preferential tax treatment.

2. Statement of compliance

The individual financial statements of the Clifford Chance Pension Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (Revised November 2014) ("the SORP").

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustee Directors do not anticipate that the adoption of the revised SORP will have material impact on the financial statements, however, it will require certain additions or amendments of disclosure in the financial statements.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Any foreign currency transactions would be translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

(b) Contributions

Contributions are dealt with on an accruals basis in the period to which they relate.

Any employers' augmentation and additional funding contributions are accounted for in accordance with any agreement under which they may be paid, or in the absence of such an agreement, when received.

Employers' deficit repair funding contributions are accounted for on the due dates set out in the schedule of contributions, or on receipt if earlier, with the agreement of the employer and the Trustee Directors. These have been paid by the employer for the period 1 May 2018 to 30

Clifford Chance Pension Scheme

April 2019 in accordance with the Schedule of Contributions certified by the Scheme Actuary on 27 June 2017.

(c) Transfers from and to other plans

Transfer values represent the capital sums either receivable in respect of members from other investment funds or to the pension plans of new employers or alternative pension arrangements for members who have left the Scheme. They are accounted on an accruals basis on the date when the receiving scheme has accepted liability for the member. In the case of individual transfers, this is normally when the payment of the transfer value is made.

(d) Benefits and payments to and on account of leavers

Pensions in payment are accounted for in the period to which they relate.

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate.

Where the Trustee Directors agree or are required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and is shown separately with Benefits.

(e) Administrative and other expenses

Administrative expenses are met by the employer. Premiums on term insurance policies are accounted for on an accruals basis.

(f) Investment income and expenditure

Income from pooled investment vehicles which distribute income, is accounted for on an accruals basis on the date stocks would be quoted ex-dividend, or in the case of unquoted instruments, when the dividend is declared.

Interest on cash and short term deposits and income from other investments are accounted for on an accruals basis.

Investment income includes withholding taxes. Withholding tax is accrued on the same basis as investment income. Where withholding tax is not recoverable, this is shown as a separate expense within investment returns.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Any transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs which may be charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within investment returns.

Clifford Chance Pension Scheme

(g) Valuation and classification of investments

Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.

Where quoted or other unit prices are not available, the Trustee Directors adopt valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the financial statements where used.

The methods of determining fair value for the principal classes of investments are:

- Pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.
- Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end.
- The value of pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee Directors. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustment is made.
- With profits insurance policies (including those held as AVC investments) are reported at the policy value provided by the insurer based on cumulative reversionary bonuses declared and the current terminal bonus.
- Unitised insurance policies are valued on the same basis as pooled investment vehicles with similar characteristics.

	2019			2018		
	Final Salary £'000s	Money Purchase £'000s	Total £'000s	Final Salary £'000s	Money Purchase £'000s	Total £'000s
4. Employer contributions						
Deficit Funding (*)	17,272	-	17,272	15,594	-	15,594
Additional Funding (**)	-	-	-	4,000	-	4,000
Premiums on term insurance policies	382	-	382	280	-	280
	17,654	-	17,654	19,874	-	19,874

(*) Clifford Chance London Limited paid deficit funding contributions in accordance with the Schedule of Contributions dated 24 July 2017. Monthly payments of £583,333 were made.

The deficit funding also include £3.8m current year benefits and £6.48m deficit repair payments made by Clifford Chance London Limited during the year. Under the Schedule dated 24 July 2017, deficit funding contributions are due to be paid at £17m per annum for the period up to 31 May 2026, with the first deficit repair payment due to be paid at this rate on 31 May 2018. The amounts payable will also include benefits paid by Clifford Chance London Limited on behalf of the Scheme. The amounts reflected in the financial statements may in future years be greater than the deficit funding contributions set out in the Schedule. The amount of each overall deficit funding contribution payment should also increase annually in line with the increase in the Retail Prices Index.

(**) Clifford Chance London Limited agreed to pay a further £4m towards the deficit in February 2018.

Clifford Chance Pension Scheme

	2019			2018		
	Final Salary £'000s	Money Purchase £'000s	Total £'000s	Final Salary £'000s	Money Purchase £'000s	Total £'000s
5. Benefits						
Pensions	3,788	-	3,788	3,517	-	3,517
Commutations and lump sum retirement benefits	857	-	857	239	-	239
Lump sum death benefits	184	-	184	57	-	57
	4,829	-	4,829	3,813	-	3,813
	Final Salary £'000s	2019 Money Purchase £'000s	Total £'000s	Final Salary £'000s	2018 Money Purchase £'000s	Total £'000s
6. Transfers to other plans						
Individual transfers to other schemes	3,900	1,504	5,404	6,570	830	7,400
	Final Salary £'000s	2019 Money Purchase £'000s	Total £'000s	Final Salary £'000s	2018 Money Purchase £'000s	Total £'000s
7. Other payments						
Premiums on term insurance policies	369	13	382	270	10	280
8. Administrative expenses						
All administrative, legal, accounting and audit costs are borne by Clifford Chance LLP and are not recharged to the Scheme.						
	Final Salary £'000s	2019 Money Purchase £'000s	Total £'000s	Final Salary £'000s	2018 Money Purchase £'000s	Total £'000s
9. Investment income						
Interest on cash deposits	9	2	11	3	1	4
Income from pooled investment vehicles	1,683	31	1,714	1,306	32	1,338
	1,692	33	1,725	1,309	33	1,342
	Final Salary £'000s	2019 Money Purchase £'000s	Total £'000s	Final Salary £'000s	2018 Money Purchase £'000s	Total £'000s
10. Investment management expenses						
Investment fees	313	6	319	441	11	452
Management fees in respect of pooled investment vehicles are recovered from the fund and units in issue.						

Clifford Chance Pension Scheme

11. Reconciliation of net investments

The investments of the Scheme are divided between the Final Salary and the Money Purchase sections.

	Opening value	Purchases	Sales	Change in	Closing value
	£'000s	at cost £'000s	proceeds £'000s	market value £'000s	£'000s
Final Salary section					
Pooled investment vehicles					
Main fund	465,083	182,905	(176,741)	20,440	491,687
VC investments	25,327	8,998	(7,262)	(2,873)	24,190
	490,410	191,903	(184,003)	17,567	515,877
External VC investments	6,296	-	(606)	159	5,849
	496,706	191,903	(184,609)	17,726	521,726
	Opening value	Purchases	Sales	Change in	Closing value
	£'000s	at cost £'000s	proceeds £'000s	market value £'000s	£'000s
Money Purchase section – all designated to members					
Pooled investment vehicles					
Main fund	9,635	2,979	(3,585)	(1,020)	8,009
VC investments	2,775	639	(1,341)	(353)	1,720
	12,410	3,618	(4,926)	(1,373)	9,729
External MP investments	1,372	-	(206)	23	1,189
	13,782	3,618	(5,132)	(1,350)	10,918

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year, along with any transfer of units in the Unitised fund between the Main fund and VC investments under the Final Salary and Money Purchase sections.

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. In addition to the transaction costs, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of transaction and indirect costs are not separately provided to the Scheme.

12. Investment transaction costs

Any indirect transaction costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It is not possible to quantify any such indirect transactions costs.

The aggregate amounts for the Final Salary and Money Purchase sections are identified separately for information purposes.

13. Pooled investment vehicles

	2019			2018		
	Final Salary	Money Purchase	Total	Final Salary	Money Purchase	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Equity	169,626	5,582	175,208	256,697	6,495	263,192
LDI	126,374	-	126,374	-	-	-
Bond/Absolute Return Bonds (ARBs)	48,842	921	49,763	70,747	1,792	72,539
Diversified growth	106,403	2,007	108,410	99,818	2,525	102,343
Property	64,632	1,219	65,851	59,202	1,498	60,700
Cash	-	-	-	3,946	100	4,046
	515,877	9,729	525,606	490,410	12,410	502,820

The cash amount shown above for 2018 represents the amount of the remaining disinvestment of the assets

Clifford Chance Pension Scheme

held in the Newton fund and which at the year end were held in cash for transitioning to the Nordea fund, which completed on 4 May 2018.

14. Voluntary contribution (VC) investments

For those members who had elected to invest their own voluntary contributions (VCs) and/or the employer's contribution to the Money Purchase section a number of their assets are held separately in the form of insurance policies. The remainder of the assets are held in the form of units held in the main Unitised Fund. Members participating in these external arrangements and in the Unitised Fund receive an annual statement confirming the amounts held in their account and the movements in the year. The aggregate amounts for the Final Salary and Money Purchase sections for all types of investments are as follows:

		2019 £'000s	2018 £'000s
Final Salary section			
VCs	- Pooled investment vehicles	24,190	25,327
	- Scottish Widows	1,346	1,308
	- Aviva	249	241
	- Clerical Medical	2,473	3,042
	- Equitable Life	1,781	1,705
		<u>30,039</u>	<u>31,623</u>
Money Purchase section			
External MP	- Clerical Medical	1,056	1,245
	- Equitable Life	133	127
VCs	- Pooled investment vehicles	1,720	2,775
		<u>2,909</u>	<u>4,147</u>

Contributions invested in the unitised fund are included in the main assets of the Scheme. All units in managed funds held during the year were controlled by companies registered in the UK.

15 Fair value of investments

The fair value of investments has been determined using the following hierarchy:

- Level 1** Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date
- Level 2** Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.
- Level 3** Inputs are unobservable, i.e. for which market data is unavailable.

The Scheme's assets have been included at fair value within these categorisations in the table below:

As at 30 April 2019	Level 1 (£m)	Level 2 (£m)	Level 3 (£m)	Total (£m)
Legal & General UK Equity Fund	-	69.5	-	69.5
Legal & General Overseas Equity Fund	-	35.3	-	35.3
Majedie UK Equity Fund	-	70.5	-	70.5
Nordea Fund	-	56.9	-	56.9
BMO	-	126.4	-	126.4
Invesco	-	-	51.5	51.5
GAM Alternative Bonds Fund	-	2.8	-	2.8
M&G Alternative Bonds Fund	-	36.4	-	36.4
PIMCO	-	10.5	-	10.5
BlackRock Property Fund	-	-	32.3	32.3

Clifford Chance Pension Scheme

Schroder Property Fund	-	-	23.1	23.1
M&G Property Fund	-	-	10.5	10.5
External AVC Funds	-	5.8	-	5.8
External Money Purchase Funds	-	1.2	-	1.2
Total	-	415.3	117.4	532.7

Analysis for the prior year end is as follows:

As at 30 April 2018	Level 1 (£m)	Level 2 (£m)	Level 3 (£m)	Total (£m)
Legal & General UK Equity Fund	-	87.2	-	87.2
Legal & General Overseas Equity Fund	-	103.5	-	103.5
Majedie UK Equity Fund	-	72.5	-	72.5
Cash (re Newton disinvestment)	4.1	-	-	4.1
Nordea Fund	-	31.8	-	31.8
Standard Life GARS	-	-	35.8	35.8
Invesco	-	-	34.7	34.7
GAM Alternative Bonds Fund	-	23.8	-	23.8
M&G Alternative Bonds Fund	-	24.4	-	24.4
PIMCO	-	24.3	-	24.3
BlackRock Property Fund	-	-	31.9	31.9
Schroder Property Fund	-	-	18.6	18.6
M&G Property Fund	-	-	10.2	10.2
External AVC Funds	-	6.3	-	6.3
External Money Purchase Funds	-	1.4	-	1.4
Total	4.1	375.2	131.2	510.5

16. Investment risks

Types of risk relating to investments

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

- **Credit risk:** This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- **Market risk:** This is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables.

The maximum risk resulting from financial instruments, except for written options and securities sold short, equals their value.

Market risk comprises currency risk, interest rate risk and other price risk:

- **Currency risk:** This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** This is the risk that the fair value or future cash flows of a financial asset – primarily bonds, interest rate swaps and pooled investment vehicles held mainly in bonds – will fluctuate because of changes in market interest rates.
- **Other price risk:** This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk – primarily equity prices), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Clifford Chance Pension Scheme

The Trustee Directors determine their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below.

Risk management structure

The Trustee Directors are responsible for identifying and managing risks, including risks arising from the investment activities.

The Trustee Directors appoint investment managers to manage the investments of the Scheme under agreed mandates. These mandates set out target allocations, benchmarks and risk tolerance levels consistent with the Statement of Investment Principles.

The Trustee Directors review the performance of each investment manager against the agreed performance objectives.

Risk measurement and reporting

The Trustee Directors monitor the Scheme's risks periodically.

The Trustee Directors measures risks both qualitatively and quantitatively.

The Trustee Directors monitor and measure the overall risk in relation to the aggregate risk exposure across all risk types and activities, including employer covenant and funding risks.

Risk mitigation

The Scheme has investment guidelines that set out its overall investment strategy and its general approach to risk management, as set out in the Statement of Investment Principles.

The Trustee Directors have appointed an investment adviser to assist them in determining and implementing the investment strategy for the Scheme.

The Trustee Directors acknowledge that its investment managers may use derivatives and other instruments for trading purposes and in connection with its risk management activities.

The Scheme's assets

The Scheme invests in pooled investment vehicles, the underlying assets of which are held separate to the assets of the investment manager.

The Scheme's current assets comprise of:

- A UK equity fund with L&G
- A UK equity fund with Majedie
- An overseas equity fund with L&G
- A diversified growth fund with Nordea
- A diversified growth fund with Invesco
- An alternative bond fund with GAM
- An alternative bond fund with M&G
- An alternative bond fund with PIMCO
- A LDI fund with BMO
- A property fund with BlackRock
- A property fund with Schroders
- A property fund with M&G
- A cash fund
- AVC funds with Clerical Medical, Equitable Life, Scottish Widows and Aviva
- Money Purchase funds with Clerical Medical and Equitable Life

Clifford Chance Pension Scheme

Total risks

The figures in the table indicate the amount of the portfolio which is subject to the specific risk. For example the whole portfolio is subject to credit and other price risk; whereas only a portion is subject to currency and interest rates.

	30 April 2019 (£m)	30 April 2018 (£m) (*)
Total credit risk	532.7	510.5
Total currency risk	193.4	282.4
Total interest rate risk	284.5	187.9
Total other price risk	483.0	483.0

(*) the method for calculating these risks has been adjusted from that which was used last year. In order to provide consistency, the 30 April 2018 figures have been restated based on the new methodology and therefore will not necessarily be consistent with comparable figures quoted in historical documents such as the previous year.

17. Concentration of investment

The following investments represent more than 5% of the total value of the net assets of the Scheme at the year end.

	2019	2018
BMO LDI funds - LDI		
Market Value (£,000)	126,374	-
Percentage of net assets (%)	23.42%	-
Majedie – UK Equity		
Market Value (£,000)	70,478	72,481
Percentage of net assets (%)	13.06%	14.08%
Legal & General Investment Management - UK Equity		
Market Value (£,000)	69,463	87,191
Percentage of net assets (%)	12.87%	16.94%
Nordea – Diversified Growth		
Market Value (£,000)	56,887	31,843
Percentage of net assets (%)	10.54%	6.19%
Invesco – Diversified Growth		
Market Value (£,000)	51,523	34,698
Percentage of net assets (%)	9.55%	6.74%
M&G – Bonds		
Market Value (£,000)	36,440	24,433
Percentage of net assets (%)	6.75%	4.75%
Legal & General Investment Management – Overseas Equity		
Market Value (£,000)	35,267	103,519
Percentage of net assets (%)	6.54%	20.11%
BlackRock – Property		
Market Value (£,000)	32,244	31,915
Percentage of net assets (%)	5.98%	6.20%

18. Employer related investments

There were no employer-related investments during the year or at the year end.

Clifford Chance Pension Scheme

	Final Salary £'000s	2019 Money Purchase £'000s	Total £'000s	Final Salary £'000s	2018 Money Purchase £'000s	Total £'000s
19. Current assets						
Cash at bank	6,697	126	6,823	4,056	102	4,158
Tax rebate	140	4	153	149	4	153
	6,846	130	6,976	4,205	106	4,311

20. Related party transactions

Six Directors of the Trustee Company have a beneficiary interest as members of the Scheme. Where relevant, benefits and contributions in respect of these members have been paid in accordance with the Schedule of Contributions. Clifford Chance LLP is one of the appointed legal advisers to the Scheme and Clifford Chance London Limited, the sponsoring employer and a service company which is funded by Clifford Chance LLP, is the appointed administrator for the Scheme.

There are no payments made to Clifford Chance LLP or Clifford Chance London Limited for the provision of these services.

21. Contingencies and commitments

In the opinion of the Trustee Directors, the Scheme had no contingent liabilities or commitments at 30 April 2019 (2018: nil).

22. Subsequent events

There were no subsequent events requiring disclosure in the financial statements.

Clifford Chance Pension Scheme

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE CLIFFORD CHANCE PENSION SCHEME

Statement about contributions

Opinion

In our opinion, the contributions payable under the schedule of contributions for the Scheme year ended 30 April 2019 as reported in Clifford Chance Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the Scheme actuary on 24 July 2017.

We have examined Clifford Chance Pension Scheme's summary of contributions for the Scheme year ended 30 April 2019 which is set out on the following page.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme under the schedule of contributions and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

As explained more fully in the statement of Trustee's responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Scheme by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 28/11/19

Clifford Chance Pension Scheme

Summary of contributions payable to the Scheme in the year

During the year ended 30 April 2019 the contributions payable to the Scheme were as follows:

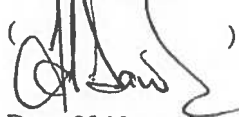
	Final Salary £'000s	Money Purchase £'000s	Total £'000s
Deficit Funding	17,272	-	17,272
Total contributions payable under the Schedule of Contributions and as reported on by the Scheme Auditor	17,272	-	17,272
Additional Employer Contributions - Premiums on term insurance policies	382	-	382
Total contributions per the financial statements	17,654	-	17,654

Approved and signed on behalf of the Trustee Directors, Clifford Chance Pension Trustees Limited:

Trustee Director



Trustee Director



Date: 28 November 2019

THE CLIFFORD CHANCE PENSION SCHEME
SCHEDULE OF CONTRIBUTIONS (July 2017)

1. *Effective date of valuation:* 30 April 2016.
2. *Period covered by this Schedule:* the period beginning with the date of the certificate of the Scheme actuary in relation to this Schedule (which is attached to this Schedule) and ending on 31 May 2026.
3. *Employers covered by this Schedule:* Clifford Chance London Limited ("CC London").
4. *Rates of employer contributions:-*
 - 4.1 Final Salary Section deficit repair - CC London shall pay the following contributions in respect of deficit repair, in accordance with the Scheme's recovery plan:
 - In respect of each 31 May commencing 31 May 2018 up to (and including) 31 May 2026: £17.0m
 - The amount of each of the above payments shall be increased annually in line with the increase in the Retail Prices Index (as defined in the Scheme rules) for the period from 1 January 2018 to 1 January immediately preceding the 31 May by which the payment is due.
 - 4.2 The employers shall in addition pay such further contributions (if any) as may be required from time to time in accordance with the provisions of the Scheme, including pursuant to Clause 24 of the Definitive Trust Deed of the Scheme (augmentation of benefits).
5. *Dates for payment of employer contributions:-*
 - 5.1 The contributions under paragraph 4.1 above shall be payable and due for payment by each respective 31 May. Throughout the Scheme Year preceding each 31 May payment date under this Schedule CC London shall pay monthly contributions of £916,667 in July 2017 and thereafter of at least £583,333 on account of the contributions due under paragraph 4.1 of this Schedule (such sum to be reduced by making appropriate allowance for the netting off arrangements referred to in paragraph 6 below, if applicable). The Scheme administrators will carry out a reconciliation of the total contributions due by each respective 31 May payment date against the payments made on account during the Scheme Year preceding 31 May payment date in order to determine the balancing payments to be made to the Scheme by CC London or the balancing prepayment credit for CC London.

6. *Netting-off against benefit payments* - the total of the contributions payable to the Scheme by CC London by each respective 31 May shall, unless and until agreed otherwise by the Principal Employer and the Trustee, be reduced by an amount equal to the total of the benefit payments made by (or on behalf of) CC London on an agency basis for and on behalf of the Trustee for the preceding twelve month period to each respective preceding 30 April. For example, the contribution due by 31 May 2018 shall be reduced by an amount equal to the total of the benefit payments made by (or on behalf of) CC London on an agency basis for and on behalf of the Trustee between 1 May 2017 and 30 April 2018. CC London confirms it will continue to pay all benefit payments due from the Trustee on its behalf.
7. *Date of this Schedule* - the date of this Schedule shall be the latest of the dates of signature under paragraph 8 below.
8. This Schedule has been agreed between CC London and the Trustee:-

Signed: Adam Gray Trustee Director
Date: 24 July 2017

Signed: AT Blackman Trustee Director
Date: 24 July 2017

For and on behalf of Clifford Chance Pension Trustees Limited (as Trustee)

Signed: JH
Date: 24 July 2017

For and on behalf of Clifford Chance London Limited

Notes to the Schedule

- (i) This Schedule supersedes the previous schedule of contributions for the Scheme (signed on 17 June 2014) with effect on and from the date of the certificate of the Scheme actuary in relation to this Schedule (which is attached to this Schedule).
- (ii) At the date of this Schedule, the "Scheme Year" for the Scheme is the period of 12 months beginning on 1 May in each year.
- (iii) Subject as provided in Clause 20 of the Definitive Trust Deed of the Scheme, the Principal Employer bears the administration and management costs and expenses (including PPF levy and other levies) of the Scheme (other than expenses connected with the investment of Scheme funds, which are provided for in the funding of the Scheme and paid from the Scheme funds) and the cost of life assurance premiums. The costs and expenses borne by the Principal Employer on behalf of or as agent for the Trustee are paid on an indemnity basis as they fall due for payment.
- (iv) The certificate of the Scheme actuary in relation to this Schedule is attached to and forms part of this Schedule.
- (v) This Schedule is subject to review at each triennial valuation of the Scheme and otherwise may be reviewed by agreement between the Scheme employers and the Trustee (in which case the revised schedule of contributions for the Scheme must again be certified by the Scheme actuary).
- (vi) Save as provided by legislation, nothing in this Schedule shall affect the employers' rights and obligations regarding the payment of contributions to the Scheme in accordance with the rules of the Scheme from time to time and for the avoidance of any doubt:-
 - (a) It shall not be a breach of the requirements of this Schedule for the employer to pay more contributions to the Scheme in respect of any period than are provided for in paragraph 4 of this Schedule.
 - (b) It shall not be a breach of the requirements of this Schedule for the employer to pay the contributions to the Scheme at an earlier date than as set out in this Schedule.

Certificate of schedule of contributions

Clifford Chance Pension Scheme


Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 30 April 2016 to be met by the end of the period specified in the Recovery Plan dated 24 July 2017.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 24 July 2017.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature: 	Date: 24 July 2017
Name: Keith Poulson	Qualification: Fellow of the Institute and Faculty of Actuaries
Address: Aon Hewitt Limited, Verulam Point, Station Way, St Albans, AL1 5HE	Name of employer: Aon Hewitt Limited