



IHG UK Defined Contribution Pension Plan

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

Registered number: 12009196

Contents

	Page No.
Chair's Annual Governance Statement	1
Trustee's Report	10
Statement of Trustees' Responsibilities	16
Independent Auditor's Report to the Trustee	17
Financial Statements	19
Notes to the Financial Statements	21
Compliance Report	32
Independent Auditor's Statement about Contributions	33
Summary of Contributions	34

Chair’s Annual Governance Statement

IHG UK Defined Contribution Pension Plan (the “Plan”)

The following statement has been prepared by the Chair of the Plan’s Trustee in accordance with the Occupational Pension Scheme (Charges & Governance) Regulations 2015 and is designed to give you an overview of the governance of the Plan in respect of the default investment arrangement; core financial transactions; costs and charges; and the Trustee’s knowledge and understanding. This statement applies to the Plan year ended 31 March 2018.

The default investment arrangement

The default investment arrangement was reviewed during the year. This was a partial review which focused on the consolidation phase which affects members who are within 15 years of their Target Retirement Age. As a result of the review, a decision was made to change one of the underlying components of the Diversified Assets Fund. The Trustee has prepared a Statement of Investment Principles (“SIP”) in accordance with the Occupational Pension Scheme (Investment) Regulations 2005 which was reviewed and updated during the year. The full SIP is available via the IHG corporate website: <https://www.ihgplc.com/business/pensions>.

Default investment option

The default investment option ‘glidepath’ is illustrated below:

Drawdown LifeStyle



The SIP details the investment objectives of the default option as below:

The default option is intended to be suitable for those members who do not wish to make an active choice on their investments. As the Plan is used for auto enrolment purposes, the Plan is required to have a default investment strategy. The overall aim of the default option is to manage members’ investment risk over their careers. Full details of the strategy can be found in the accompanying Investment Implementation Policy Document but the broad principles behind the strategy and the reasons for the default’s construction are set out below.

The Trustee believes that when members are many years before retirement, they should seek to maximise the returns on their investments and to achieve this at a low cost. On this basis, until members are 15 years before their selected retirement date, their assets are invested in passively managed equities. The Trustee also believes that, when members are closer to retirement (and when investment returns become more important than contributions) members’ assets should gradually be moved into assets with a lower level of absolute volatility. Between 15 and 10 years before a member’s selected retirement age, their investments are gradually switched into a diversified assets fund.