

DC Governance Statement of the Chair of the Trustees for the Alfred Bagnall & Sons Limited Company Retirement Account - for the year ended 5 April 2024

Introduction and Background

Since 2015, trustees of occupational pensions schemes such as the Alfred Bagnall & Sons Limited Company Retirement Account ("the Scheme"), have been required to produce an annual statement, signed by the Chair of the trustees, setting out how they have met with required governance standards as they relate to their management of their Defined Contribution ("DC") pension scheme arrangement. The aim of these requirements is to help members achieve a good outcome from their pension savings.

This statement has been produced in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the Regulations) and The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 (the 2021 Regulations').

I hereby confirm that I, **Stephen Bagnall**, am the appointed Chair of the Scheme's Trustee Board and I am authorised to sign this statement on behalf the Trustees.

Statement Content

The statement describes how the Trustee Board has met the statutory governance standards, covering:

1. The default investment strategy, including its governance;
2. Requirements for processing financial transactions;
3. Assessment of charges and transaction costs; and
4. The requirement for trustee knowledge and understanding.

As part of these governance standards and to satisfy the regulations outlined, this statement also contains:

Appendix A - A 'Value for Members Assessment' - an assessment of the Scheme in terms of whether and how it represents Value for Members.

Appendix B - Details of charges and transaction costs borne by members.

Appendix C - Investment performance details, net of member borne charges and costs.

Appendix D – Asset allocation disclosure.

Appendix E – Bonus rates disclosure.

This statement covers the period from 6 April 2023 to 5 April 2024.

Scheme Background

The Scheme was established under a declaration of trust dated 5 September 1988 for the provision of DC benefits for eligible employees and is partially insured pension with Phoenix Life and Pensions (“Phoenix”). This means that Phoenix, whose relationship is with the Trustees, not members, are responsible for investment decisions, day-to-day administration, and paying benefits (via the Trustees) as and when due.

The Scheme remains open to new contributions for existing active members. Access to the Scheme is by invitation only, and it has been confirmed there have not been any new entrants for a number of years. This Scheme is not, nor has it ever been, used as a Qualifying Scheme for the purposes of auto-enrolment, and the Employer operates a separate arrangement for that purpose.

Since the Scheme closed to new entrants, both the membership and assets have reduced over time as benefits became due for payment or individual transfers out to alternative arrangements were affected. The Scheme now has fewer than 12 members and modest assets under management. Accordingly, whilst the Trustee remains committed to undertaking its governance duties, the fulfilment of those duties should be proportionate to the size of the Scheme when it comes to decisions which could impact members and/or involve costs to the Trustee and/or sponsoring employer.

1. The default arrangement investment strategy

Introduction

The Trustees recognise that the ultimate objective of the pension scheme is to help ensure that the members can retire on a reasonable level of pension savings, considering the contributions paid into their individual accounts, the timescale over which those contributions are invested and a level of investment risk which is appropriate to most members who do not make active investment choices.

Whilst the Scheme remains open to ongoing contributions, it has not been used as a Qualifying Scheme for auto-enrolment purpose and, under that legislation, is not therefore required to operate a formal default investment strategy (“the default strategy”). The definition of a default strategy is that which will automatically apply to a member’s individual account, in the absence of a member making active investment decisions.

By the nature of the contract with Phoenix, and the fact this can be regarded as a legacy product, there is no recognised default strategy in place. All of the Scheme’s assets are within the ‘Phoenix Life Limited With-Profits Fund’, which is a unit-linked fund. Therefore, for the purposes of this statement, and in accordance with the spirit of the legislation, this fund will fulfil the definition of a default strategy whilst acknowledging the fact it is not referred to as such in any Scheme documentation.

Investment Options

All contributions are invested in With-Profit pension policies in the Phoenix Life Limited With-Profits Fund, managed by Phoenix. Contributions paid by the member and the Employer buy units in the With-Profits fund, with a guaranteed value of £1 per unit at maturity. However, unlike traditional unit-linked funds, growth in the fund comes by way of bonuses declared by Phoenix. These take the form of both regular bonuses – typically annually – and a final bonus applied when a claim is made.

Regular bonuses, once applied, cannot be removed, and whilst these will take account of the performance of the underlying funds, Phoenix may apply a process known as “smoothing” when making decisions around the amount of bonus to apply. Smoothing is where Phoenix may choose to hold back some of the investment returns in a “good” year, by declaring a lower regular bonus than might have been possible, to one to be paid in years where performance has been weaker – thereby smoothing the bonuses across the years. Even with the smoothing approach, regular bonuses are not guaranteed to be applied each year.

The final bonus, which can form a significant proportion of a member’s total fund at maturity, is determined differently, and relates to the year when a contribution was paid and the overall returns of the underlying fund across the period. As with regular bonuses, there are no guarantees that as to the level, or whether a final bonus will be paid.

In many DC schemes, a default strategy might incorporate “lifestyling”. This is a mechanism whereby assets are moved over a period of years (typically between 8-15, depending on the scheme) from growth assets (e.g., equities) – which are naturally more volatile, but also have the capability to provide greater returns – to less volatile assets, such as bonds. This can help protect the capital value as a member approaches retirement, where there is less time to recover from any market shocks. The With-Profits fund is not lifestyled in this manner.

However, the fund does hold different mixes of assets for different groups of policyholders. For policies with guaranteed benefits that are high compared to the underlying value, there will be a smaller proportion of growth assets held. This approach effectively introduces a form of potential capital protection based on term to maturity.

Further information on the typical asset mix within the specimen policies is set out in Appendix D (Asset Allocation Disclosure).

There are no other funds available on the platform for members to choose to invest in on a self-select basis.

Investment Reviews

The Trustees are required to formally review the default investment strategy at least every three years or immediately following any significant change in investment policy or the Plan’s member profile.

In general, the Trustee’s objectives when conducting a review should be to:

- Ensure that the investment options offered within the Scheme are suitable for the needs and requirements of the membership.
- Follow regulatory guidance and best practice principles where appropriate, in designing and maintaining the investment options.
- Review the current default investment strategy and whether the structure and underlying funds remain suitable for members.
- Ensure that the investment options are within the Trustee’s “governance budget” – the Trustee’s ability to monitor and govern them on an ongoing basis.

The Trustees have not conducted a review of the default strategy within the last three years, however, wish to place on record the following in mitigation of this position:

- There are no other funds available on the platform with Phoenix in which the Trustees could look to invest;
- That the inherent nature of With-Profits funds, and that future bonuses that would be lost if members were to leave the fund, limits what action the Trustees could consider that could help lead to better outcomes for members external to the With-Profits fund; and
- The Trustees have no influence on the underlying With-Profits fund, which is governed by Phoenix.

The Trustees do however recognise the importance and valuable benefit in seeking independent investment advice and, as part of the wider conversation with its advisors about the future of the pension scheme, will ensure this is sought to support at the appropriate time.

Investment Monitoring

To the extent that the Trustees have delegated the responsibility of the management of members' assets to Phoenix Life & Pensions, the Trustees do not undertake regular performance monitoring of the Scheme.

Asset Allocation

From 1st October 2023, the Trustees are required to disclose the underlying percentage of assets allocated to each of the asset classes within their default investment strategy. Given the nature of the arrangement, it is not possible to provide the overall combined asset allocation, however, Appendix D shows the typical asset mix within the policies based on term to maturity.

Net Investment Returns

The Trustees are required to report on the net investment returns for their default investment strategy and for each fund which Scheme members are, or have been able to select, and in which Scheme members are invested during the Scheme year. Net investment returns are the returns achieved by each fund minus all charges, including transaction costs.

The purpose of net return disclosures is to provide transparency, to help members understand how their investments are performing and to enable comparison. The returns are summarised in Appendix C.

An assessment of net investment returns forms part of our assessment of Value for Members, which can be found in Appendix A.

2. Requirements for processing core financial transactions

Service Levels and Service Monitoring

The processing of core financial transactions, which includes investment of contributions, transfers in and out of the Scheme, payments to Scheme members and/or their beneficiaries, and transfers/switches of assets between different investments in the Scheme, have generally been

processed promptly and accurately as confirmed by the pension team, and the Trustees have not been made aware of any complaints or issues with Phoenix.

Reflecting that Phoenix undertakes the day-to-day administration of the Scheme, and the relatively small number of members and resulting transactions/member movements, the Trustees have not sought to date to implement and monitor performance against Service Level Agreements (SLAs). The pension team does record all works and monitors/chases where appropriate with third parties and/or Phoenix to ensure queries are dealt with as soon as possible.

In addition, we can confirm that the pension team carries out regular reconciliations, which includes a reconciliation of cash movements (income and expenditure), including against the Trustee bank account and is responsible for making payment of contributions to Phoenix.

We can confirm all contributions were paid within the statutory deadlines for the period covered by this statement.

Internal Controls

Day-to-day processing of tasks are undertaken by Phoenix, as the administrator, for which it will have its own robust controls and processes. The pension team has controls in place to monitor and ensure that all queries raised, including core financial transactions, are and continues to be processed promptly.

In support of the administrator being able to correctly calculate and process member benefits, the Trustees regularly assess the quality of the Plan's data, by reference to the Pension Regulator's 'common' and 'conditional' data requirements. Where data gaps are identified, the Trustees have taken appropriate remedial action.

Pension Scams and Moneyhelper

On behalf of the Trustees, Phoenix also looks to identify potential 'pension scams' and clear information on how to spot a scam is included in all relevant member communications. The key warning signs to look out for in relation to pension scams are set out on the Financial Conduct Authority's website at <https://www.fca.org.uk/scamsmart> and you are encouraged to review this before transferring your pension out of the Scheme.

Since 1 December 2021, regulations have been in place to protect savers against pension scams and provide trustees with increased powers to block Cash Equivalent Transfer Values (CETVs) taking place in certain circumstances. Where required, CETVs are reviewed by the Trustees following due diligence undertaken by Capita, prior to being approved for payment.

In addition, from 1 June 2022, new regulations came into force that require trustees and pension administrators to offer to book a guidance appointment for any members over age 50 with 'flexible' benefits, who are looking to access their benefits. The guidance appointment would be held with Pension Wise – a free and impartial guidance service was set up by the Government and is operated by Moneyhelper (a public body which is funded by levies on pension schemes).

Further information can be found on the Moneyhelper's website at:
<https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise>

Further scrutiny of transactions, reporting and controls can be found in the audit report which is included in the Scheme's Annual Report & Accounts.

3. Assessment of charges and transaction costs

The Trustees are required to set out the ongoing charges borne by members in this statement. Typically, these are the Annual Management Charges (AMC) plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the 'total expense ratio' (TER) or Ongoing Charges Figure ('OCF'). However, as the Scheme invests in a with profits policy arrangement, charges are inherent within the bonus rate and can vary from year to year. Bonus rates are disclosed annually. Please see Appendix E for the historically declared bonus rates.

The Trustees are also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs are those incurred when the Scheme's fund managers buy and sell assets within investment funds. Phoenix have not been able to disclose the transaction costs for the year covered by this statement.

It should be noted that all Scheme charges are borne by the participating employers, and to the extent that they are not member-borne, the Trustees have determined that they represent good value for money for Scheme members.

4. The requirement for trustee knowledge and understanding

Trustee requirements and expectations

The Trustees acknowledge that, whilst considered a legacy scheme with limited size and ability to make change, insufficient time has been afforded to running the Plan. The Trustees further recognise that they are also required to maintain an appropriate level of knowledge and understanding, which together with professional advice enables them to properly exercise their functions and duties in relation to the Plan. During the period covered by the statement, no formal Trustee meetings were held for this Scheme.

The Plan's Trustees are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. Each Trustee must:

- Be conversant with the trust deed and rules of the Plan, the Plan's Statement of Investment Principles and any other document recording policy for the time being adopted by the Trustees relating to the administration and management of the Plan. The Trustees will refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan and, where relevant, deciding individual member cases.
- Have, to the degree that is appropriate for the purposes of enabling the individual to properly exercise his or her functions as a Trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

Trustee Activities

To help achieve the above, each Trustee is also expected to ensure that he or she meets the Pension Regulator's (TPR) Trustee Knowledge and Understanding requirements. This includes completing TPR's Trustee Toolkit. The Trustee Toolkit is an online learning program aimed at trustees of occupational pension schemes. It contains modules and resources on the law relating to pensions and trusts, and the principles relating to the funding and investment of occupational pension schemes. It is designed to help trustees meet the minimum level of knowledge and understanding required under the Pensions Act 2004.

The Trustees have a lot of experience of managing the Employer's final salary pension scheme, however, have not completed the Trustee Toolkit.

The Trustees do not maintain a training log to record individual and group training activities.

Given the size of the Scheme, the Trustees have taken a proportionate decision not to employ a range of advisers. Access would be made available to provide advice as and when required to support the Trustees in the running of the Scheme.

Further Information

This Statement is for information, and you do not need to take any action.

If you have any questions about your pension, please contact Maxine Copping at Alfred Bagnall & Sons (Support Services) Limited, telephone 01277 714800 or email maxine.copping@bagnalls.co.uk.

Alfred Bagnall & Sons Limited Company Retirement Account
c/o Maxine Copping
Company Secretary
Alfred Bagnall & Sons (Support Services) Limited
Cleckheaton
BD19 4TY

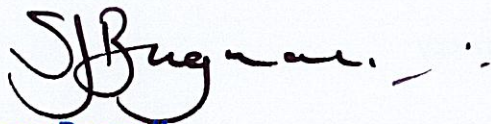
Summary

We hope that you find the content of this Statement and the following Appendices, informative and helpful.

It is our view the Scheme, overall, provides 'Poor' Value for Members and our Value for Members Assessment is set out in Appendix A.

Signed on behalf of the Trustees by:

Signed:



Dated 19.08.25

Mr Stephen Bagnall

**Chair of the Trustees for the Alfred Bagnall & Sons Limited Company
Retirement Account**

Appendix A: Value for Members Assessment and Statement

Value for Members Assessment

Introduction

As explained within the Introduction to this Statement, its content is designed to comply with The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations').

These regulations apply to pension schemes which provide benefits on a Defined Contribution (DC) basis, where the total value of the scheme's assets under management is valued at less than £100 million and therefore apply to the Scheme.

Requirements

The regulations require the Trustees to assess key elements of the value achieved by their scheme on behalf of members.

The assessment must consider 3 factors:

1. Costs and Charges
2. Net investment returns
3. Administration and Governance

Costs and charges and net investment returns must be assessed relatively, based on comparison with at least three other larger schemes with assets under management of more than £100m.

The Trustees are required to 'have had discussions' with one of these schemes, regarding its ability and willingness to accept a transfer of the Scheme's members and DC funds. This is in the event the Trustees determine the Scheme does not provide Value for Members and further determine, that the interests of members would be better served, by the Trustees transferring the Scheme's members and DC funds to a new arrangement.

Administration and governance criteria are assessed internally against seven key metrics (there is no requirement to undertake a comparison against other schemes). The metrics are:

1. Promptness and accuracy of core financial transactions
2. Accuracy and scope of records (scheme and member level)
3. Appropriateness of the default investment strategy
4. Quality of investment governance
5. Trustees' knowledge, understanding and skills
6. Quality of communication with scheme members
7. Management of conflicts of interest

Assessment Process

The Trustees, with support from their advisers, have assessed key elements of the 'value' achieved by the Scheme on behalf of its members.

To do so, the Trustees have applied a weighting to the three factors outlined above:

1. Costs and Charges (30%)
2. Net investment returns (40%)
3. Administration and Governance (30%)

A higher weighting towards net investment returns, reflects regulatory guidance.

For the Administration and Governance assessment, each of the metrics outlined in the previous section is comprised of several different components, all of which are scored individually. The basis used by the Trustees is to score 0 based on where a requirement has not been met, 1 where it has been partially met, or 2 if it is fully met or it does not apply. The overall score for each metric is the aggregate of its constituent parts, with the total of all metrics then providing a score which is translated into a rating.

The assessments and scores applied by the Trustees, combined with the allocated weightings, provides the Trustees with a Value for Members 'score'. The assessment outcomes are then categorised, based on the score, as:

- the Scheme is deemed as providing 'Poor' value
- the Scheme is deemed as providing 'Fair' value
- the Scheme is deemed as providing 'Good' value

Assessment Results

The following summarises the assessment results looking at each factor individually.

Costs and Charges

It should be noted that the Scheme default fund's charging structure is inherently different to that of the comparators. As a 'With Profits' fund, there are no explicit costs, instead costs are reflected in the bonuses paid (annually and at maturity or on death). All other costs and charges are borne by the sponsoring employer, therefore following assessment, the Trustees consider that from an overall cost and charge perspective, the Scheme provides 'Fair' Value for Members.

Given that there are no explicit member charges, the Trustees have determined the Scheme's total member charges, after the Transaction costs, to be 0% for the period covered by this statement. This compares with an average comparator charge of 0.53% (based on three larger schemes).

Further information on costs and charges can be found in Appendix B, and further information on the bonuses paid can be found in Appendix E.

Net investment returns

Following assessment, the Trustees agreed that from an investment performance perspective, the Scheme provides 'Fair' Value for Members.

Based on comparison with three larger schemes, the investment return achieved by the Scheme's default fund stood at 5.09% for the period covered by this statement. This compared with an average comparator return of 12.20% for the same period. As noted above, the Scheme's default fund is inherently different not just in its charging structure, but also in terms of its underlying investment mix. This can lead to significant performance differences in the short, medium and long term. The core aim of With Profits funds is to provide long-term investment growth while smoothing out short-term market volatility. Policy holders share in the 'profits' of the arrangement through 'bonuses' applied to their policies, and they also receive a good degree of capital protection or guarantees, at maturity or on death. These benefits are not captured in the pure investment return of the underlying portfolio.

Looking at the longer period, specifically 3 and 5 years, the return achieved by the Scheme's default fund was 4.75% pa and 4.98% pa respectively. This compares with the average comparator return of 3.99% pa and 6.01% respectively. Reflecting the differences between the Scheme's investment fund and the default funds of the comparators, the Trustees are satisfied to apply a 'Fair' score to the Scheme's net investment returns.

Further information on the Scheme's net investment returns can be found in Appendix C and further information on the bonuses paid can be found in Appendix E.

Administration and Governance

Following assessment of how the Scheme is administered and governed against the against seven key metrics highlighted the Trustee acknowledged and agreed that from an administration and governance perspective, the Scheme provides 'Poor' Value for Members.

Overall Results

Once allowance has been made for the relative weightings applied to each factor, the Trustees consider that overall, the Scheme provides 'Poor' Value for Members.

Further information on support of the Trustees assessment and conclusions, are set out below.

Value for Members Statement

The Trustees believe, in line with the Pensions Regulator's guidance, a scheme that provides Value for Members (and value for money) is one in which the cost of membership provides good value in relation to the benefit of membership, when compared with other options available in the market.

The Trustees consider this does not necessarily mean low cost providing the cheapest scheme but where costs might be higher than others in the market, the additional cost can be justified by improved benefits and outcomes. Whilst overall fees are of importance to members and will ultimately have an impact on

member outcomes, the Trustees believe that the services which underlie those fees will also be important in determining whether the Plan is providing value for money from a member's perspective.

- The Trustees are comfortable with the quality and efficiency of the administration processes, including processing of core financial transactions.
- All costs of running the Scheme, including investment charges, are borne by the sponsoring employer.
- There are no alternative investment options or strategies available to members, and options at retirement are limited and do not allow for full access to those afforded by pension freedoms.
- Investment returns are poor compared to the comparator Schemes, though it is recognised that the With-Profits fund operates differently to traditional unit-linked funds.
- The Trustees have not undertaken a review of the default fund, or of the Scheme more generally, within the last 3 years to look at whether improvements could be made.
- Members do not benefit from wider support from the Scheme (e.g., member newsletters) to keep them informed of relevant developments within the industry, nor engagement to help educate in topics such as retirement options.
- Members are not able to manage or view their pensions online, and contact remains via post.

Outcome following the Value for Members assessment

Following the undertaking of the Value for Members assessment the Trustees recognise that the Scheme currently provides poor value for members. Whilst there are a number of improvements which could be made to the Scheme to strengthen the overall governance and value provided to members, the With-Profits nature of the default investment severely limits the Trustees' ability to act on several of these recommendations – as to make any changes to the default investment strategy would mean members could lose out on valuable future bonuses from that fund.

As performance of the default strategy is one of the cornerstones of delivering value to members – and one that will always be challenging to objectively measure in future Value for Members assessments – the Trustees have discussed with their advisors how to meet the ever-increasing governance requirements expected by The Pensions Regulator.

As a result of these discussions, the Trustees have concluded that the most appropriate course of action will be to wind-up the pension scheme, and transfer members to buy-out policies in their own name with Phoenix. This measure will improve upon the governance of the existing Scheme, whilst importantly preserving member's current terms and conditions – which is to say, they will continue to be eligible for and receive the bonuses for remaining in the With-Profits fund.

The Trustees have asked their advisors to prepare a project plan for this activity and expect to formalise the decision shortly. Progress will be reported in the next annual Chair Statement, due in the autumn.

Appendix B: Member Charges

Charges and transaction costs for funds held by members for the Scheme year ending 05 April 2024:

Fund	Total Ongoing Charges (OCF)	Transaction Costs
Phoenix With Profits Fund	0.00% ¹	0.00% ²

The table below sets out the costs and charges for the Scheme's fund along with those of the comparators for the Scheme year ending 05 April 2024:

Plan / Comparator	Total Ongoing Charges (OCF)*	Transaction Costs**
Scheme Fund	0.00% ¹	0.00% ²
Comparator A	0.55%	0.19%
Comparator B	0.26%	0.02%
Comparator C	0.50%	0.06%

Notes

All fund management costs and charges are borne by the sponsoring employer

¹As the Scheme invests in a with profits fund, charges are inherent within the bonus rate and can vary from year to year. Bonus rates are disclosed annually. Please see Appendix E for the historically declared bonus rates.

²Transactions costs were not disclosed by Phoenix.

*Includes the AMC, plus various other expenses including index licensing fees, legal fees, administration, marketing, regulation, and auditing - note, the data supplied by the comparator providers is for the year ended 31 March 2024.

**Transaction costs that applied (or may have potentially applied) to the comparators' investment funds - note, the data supplied by the comparator providers is for the year ended 31 March 2024.

Transaction costs are those incurred by fund managers as result of buying, selling, lending, or borrowing investments and are incurred in addition to the AMC and OCF shown above.

Actual and potential transaction costs disclosed by the comparator providers include (but may not be limited to):

- Broker commission
- Transaction taxes
- Implicit costs
- Entry/exit charges
- Other transaction costs
- Indirect transaction taxes
- Indirect broker commission
- Indirect implicit costs

- Indirect entry/exit charges
- Indirect other transaction costs
- Indirect transaction costs - external funds
- Anti-dilution offset
- Indirect anti-dilution offset

Transaction costs quoted are the average cost incurred over the year as a necessary part of buying and selling. These costs have been captured using the implicit cost methodology set out in FCA rules and PRIIPs guidance. Implicit transaction costs have been calculated as the difference between the price at which a deal was struck and the price of the instrument at previous market close. This is consistent with the implicit cost calculation methods allowable prior to 2018 under PRIIPS guidance, which allows firms to assume there is no intra-day data available.

For any transactions occurring in the year, the arrival price of each trade will be captured and used to calculate the implicit transaction cost ('slippage cost'). The arrival price of a trade is the mid-market price of an asset at the time the order is placed in the market.

Indirect transaction costs have been calculated assuming a static fund structure as of 30 March 2024.

Any negative transaction costs can refer to factors such as anti-dilution measures put in place by the manager to protect existing investors. It is effectively a 'saving' to existing members and reduces the impact of other charges. As it is an implicit, calculated cost, it would ordinarily be reflected within the unit price.

For any funds which hold an investment managed by a third party, the transaction costs provided by the third-party manager are represented as an indirect external fund transaction cost. Where transaction cost information was not made available by the third party, transaction costs incurred by the externally managed fund have not been included.

Costs borne by the employer

As mentioned within this Statement, in carrying out its assessment, the Trustees have taken the view that costs borne by the employer on behalf of members will have a positive effect on Value for Members. The employer-borne costs which have been taken into consideration are as follows:

1. Administration costs
2. Governance costs e.g., the Trustee Board
3. Cost of advice e.g., consultancy costs, legal costs, auditor costs
4. Fund costs and charges

Appendix C: Investment Returns (net of charges and transaction costs)

The table below shows the returns over the last year for the Scheme's default fund*.

Age of member in 2024 (Years)	1 Year (to 31 March 2024)
25	5.09%
45	5.09%
55	5.09%
65	5.09%

*Note: Phoenix have not provided the 'net investment return' for the Phoenix With Profits Fund, therefore, for illustrative purposes, in the above and below tables we have used a proxy version (Phoenix With Profits PN A series – ISIN - GB0030370836) sourced from Financial Express. The returns will reflect the inclusion of fees for the particular series used, and as such the net of fees return will be slightly higher.

The table below sets out the returns for the Scheme default along with those of the comparators.

Plan/Comparator	1 Year (to 31 March 2024)	3 Years (p.a.) (to 31 March 2024)	5 Years (p.a.) (to 31 March 2024)
Scheme Fund	5.09%	4.75%	4.98%
Comparator A	17.10%	6.17%	8.18%
Comparator B	8.07%	2.35%	4.11%
Comparator C	11.42%	3.46%	5.74%

Appendix D: Asset Allocation Disclosure

The regulations require trustees to disclose in their annual chair's statement the percentage of assets allocated to each of the following asset classes in their default arrangement.

- **Listed Equities**
- **Private Equity**
- **Bonds**
- **Private Debt/Credit**
- **Cash**
- **Infrastructure (Physical)**
- **Property / Real Estate (Physical)**
- **Other (anything apart from the above)**

All members' assets are invested in the Phoenix With Profits Fund. Given the nature of the arrangement, it is not possible to provide the Fund's overall combined asset allocation. However, as noted in Section 1 of this Statement, while the Fund is not lifestyled in the traditional manner, it does hold different mixes of assets for different groups of policyholders. For policies with guaranteed benefits that are high compared to the underlying value, there will be a smaller proportion of growth assets held. The table below shows the respective approximate proportions of equities and property allocations typically held for specimen policies of different periods remaining to selected retirement date.

Year of maturity	Term						
	10	15	20	25	30	35	40
2024	30% / 6%	30% / 6%	30% / 6%	30% / 6%	30% / 6%	30% / 6%	30% / 6%
2025	34% / 7%	34% / 7%	33% / 7%	33% / 7%	33% / 7%	33% / 7%	33% / 7%
2026	37% / 8%	36% / 8%	36% / 8%	38% / 8%	36% / 8%	36% / 8%	36% / 8%
2027	39% / 8%	39% / 8%	39% / 8%	39% / 8%	39% / 8%	39% / 8%	40% / 8%
2028	43% / 9%	43% / 9%	43% / 9%	43% / 9%	43% / 9%	43% / 9%	43% / 9%
2029	46% / 10%	46% / 10%	46% / 10%	46% / 10%	46% / 10%	46% / 10%	46% / 10%
2030	48% / 10%	49% / 11%	49% / 11%	49% / 11%	49% / 11%	49% / 11%	49% / 11%
2031	52% / 11%	52% / 11%	52% / 12%	52% / 11%	53% / 11%	53% / 11%	53% / 11%
2032	56% / 12%	56% / 12%	55% / 12%	56% / 12%	56% / 12%	56% / 12%	56% / 12%
2033	59% / 13%	59% / 13%	59% / 13%	59% / 13%	59% / 13%	59% / 13%	59% / 13%
2034		59% / 13%	59% / 13%	59% / 13%	59% / 13%	59% / 13%	59% / 13%

The equity proportions include; a small (less than 10%) investment in hedge funds, some exposure to private equities, and also emerging market equities. The remaining part of each policy is invested in fixed interest assets and cash. The fixed interest assets are a mixture of UK government bonds and other bonds. The other bonds include corporate bonds and some exposure to emerging market debt.

Appendix E: Bonus Rates Disclosure

The annual bonus rate (as at 1 January 2024) for policies invested in the Profit Plus Fund was 3.0%. The annual bonus is added to a member's policy by the regular addition of bonus units. These bonus units reflect the excess profits after meeting the cost of providing the guaranteed return. The guaranteed return is based on the increase in unit price from their purchase price to their eventual value of £1 at the specified retirement date. For early surrender on policies invested in the Profit Plus Fund, the unit price may be lower than £1.

The final (or terminal) bonus rate that applied from 1 January 2024 for retirements on the selected retirement date was 52% of the basic and attaching annual bonus units at that date. In recent years Phoenix have applied final bonus rates twice a year, from 1 January and 1 July. Final bonuses are not guaranteed and can change at any time

The table below sets out the historic annual and terminal bonus rates:

Year	Annual Bonus Rate	Terminal Bonus Rate	Effective Date
2004	0.1%	0%	01/01/2004
2005	0.1%	0%	01/01/2005
2006	0.1%	13%	01/01/2006
		25%	01/05/2006
		22%	01/09/2006
2007	0.1%	36%	01/01/2007
		46%	01/05/2007
		45%	01/09/2007
2008	0.1%	54%	01/01/2008
		35%	01/07/2008
2009	0.1%	8%	01/01/2009
		0%	01/07/2009
2010	0.1%	5%	01/01/2010
		13%	01/07/2010
2011	0.1%	14%	01/01/2011
		14%	01/07/2011
2012	0.1%	17%	01/01/2012
		22%	01/07/2012
2013	0.1%	28%	01/01/2013
		31%	01/07/2013
2014	0.1%	33%	01/01/2014
		43%	01/07/2014
2015	0.1%	45%	01/01/2015
		54%	01/07/2015
2016	0.1%	49%	01/01/2016
		48%	01/07/2016
2017	0.1%	63%	01/01/2017
		64%	01/07/2017
2018	0.1%	66%	01/01/2018
		72%	01/07/2018
2019	1.0%	80%	01/01/2019
		84%	01/07/2019
2020	1.0%	95%	01/01/2020
		94%	01/07/2020
2021	1.0%	99%	01/01/2021
		100%	01/07/2021
2022	2.0%	103%	01/01/2022
		89%	01/07/2022
2023	2.0%	71%	01/01/2023
		55%	01/07/2023
2024	3.0%	52%	01/01/2024

As can be seen, from 2004 until 2018, the annual bonus rate was a meagre 0.1%. The rate was increased to 1% for the years 2019, 2020 and 2021, and to 2% for the years 2022 and 2023. In 2024, it was raised again to 3%.

Appendix F: Projected Values

Due to the complexity of calculating projections for a With Profits fund, for illustrative purposes, we have used the latest annual bonus rate (of 3% pa) as the accumulation rate for calculating the projected pension pot. To show the effect of costs and charges on the projections, we have used a typically charged fee of 1% for legacy With Profits funds. As most members within the Scheme are within 10 years to normal retirement date, we have calculated the projections for a 10-year period. The starting pot size is assumed to be £10,000, for illustrative purposes.

Phoenix With Profits Fund (3% Annual Bonus)		
Years	Before costs and charges deducted	After charges deducted
0	£10,000.00	£10,000.00
1	£10,050.00	£9,950.00
2	£10,100.25	£9,900.25
3	£10,150.75	£9,850.75
4	£10,201.51	£9,801.50
5	£10,252.51	£9,752.49
6	£10,303.78	£9,703.73
7	£10,355.29	£9,655.21
8	£10,407.07	£9,606.93
9	£10,459.11	£9,558.90
10	£10,511.40	£9,511.10

To show the impact of a higher bonus rate on the projections, we have performed the same calculation using a 5% accumulation rate. The results are as follows:

Phoenix With Profits Fund (5% Annual Bonus)		
Years	Before costs and charges deducted	After charges deducted
0	£10,000.00	£10,000.00
1	£10,250.00	£10,150.00
2	£10,506.25	£10,302.25
3	£10,768.91	£10,456.78
4	£11,038.13	£10,613.64
5	£11,314.08	£10,772.84
6	£11,596.93	£10,934.43
7	£11,886.86	£11,098.45
8	£12,184.03	£11,264.93
9	£12,488.63	£11,433.90
10	£12,800.85	£11,605.41

Notes (for the above tables)

1. Projections are based on a 55-year-old member, with 10 years remaining to normal retirement date, but other ages can be assessed using the tables.
2. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
3. Inflation is assumed to be 2.5% each year.

Values shown are estimates and are for illustrative purposes only.

