

DC Governance Statement

Chair of Trustees Statement for the Intrepid Consultants Limited Pension Plan (“the Plan”) in relation to Defined Contribution benefits, for the Scheme year ending 31 March 2024

Introduction

Since 2015, Trustees of pension schemes such as the Scheme have been required to produce an annual statement, signed by their Chair, setting out how they have met with the required governance standards as they relate to their management of their Defined Contribution (DC) pension arrangements. The aim of these requirements is to help members achieve a good outcome from their pension savings.

This statement has been produced by the Trustee of the Plan 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, Jon Walters (as representative of PAN Trustees UK LLP), am the appointed Chair of the Plan Trustee, and I am authorised to sign this statement on behalf of the Trustee.

The statement describes how the Trustee 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 – The ‘Value for Members’ assessment

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 – Illustrations showing the cumulative impact of those charges and costs on illustrative member funds.

Appendix E – Information relating to the asset allocations of the funds, as required by the changes introduced into legislation in October 2023.

This statement covers the period from 1 April 2023 to 31 March 2024.

Plan Background

The Plan was established under a declaration of trust dated 21 January 1999 for the provision of DC benefits for eligible employees. The Plan closed to new contributions with effect from 1 April 2014 when the last Plan member left service. As such, the Intrepid Consultants Limited Pension Plan is not used as a Qualifying Plan for the purposes of auto-enrolment.

Since the Plan closed, 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 Plan now has two members and modest total 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 Plan when it comes to decisions which could impact members and/or involve costs to the Trustee and/or sponsoring employer.

On 3 April 2023 the previous Chair of Trustees resigned from the position and the Company appointed a leading UK independent professional Trustee, PAN Trustees UK LLP, in their place. PAN Trustees UK LLP have operated as sole Trustee for this Plan since 3 April 2023.

The Future of the Plan

The landscape for small trust-based defined contribution pension schemes has changed greatly in recent years, particularly with the government's pension policy focused on schemes providing good value across a range of metrics. This drive places an obligation on schemes (and especially schemes with under £100m of assets) to provide 'good' value for members (determined via a 'Value for Members' assessment). If a scheme does not meet this standard, then Trustees must take action to improve and raise the standards or else consolidate into a larger arrangement and wind-up.

The above, in tandem with increasing the governance requirements being placed upon all pension scheme trustees, led to the Plan Sponsor in agreement with the Trustees to conduct a review to look at the options to wind-up the Plan. For this exercise, the Trustees and Plan Sponsor commissioned an advisor, Capita Pension Solutions, to produce a report which would look at the various options available and the impact on member benefits in a range of scenarios.

A report was delivered in May 2024 and the outcome discussed with the Trustee and Plan Sponsor at a dedicated meeting in early June. The report looked what mechanisms were available to wind-up the Plan and each methods impact on member benefits. The report ultimately recommended that in order to preserve the structure and current investments of member benefits, the Trustee should assign the existing policies from the Plan to individual members, subsequent to which the Plan would wind-up.

The Trustee and Plan Sponsor agreed with the advice provided and agreed to wind-up the Plan and assign benefits to members. A Trustee Resolution, needed to trigger the wind-up, was signed on 17 October 2024. A communication will be issued to members detailing the decision to wind-up, and impact on member benefits, will be issued within 30 days in line with legislative requirements.

As the Plan has triggered wind-up, a full 'Value for Members' assessment is not required to be conducted. More information can be found in that section of the statement.

1. The default investment strategy

The Trustee recognises that the ultimate objective is to help ensure that the members of the Plan 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.

The Plan has been closed to future contributions since 2014 and has not been used as a 'Qualifying Scheme' for auto-enrolment; it is not therefore required under legislation to operate a formal default

arrangement. 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.

For the reasons note above, the Plan does not have a documented default strategy designated, however the majority of assets are held within the Zurich Managed 1% AP fund and so, for the purposes of this statement, this is treated as a de facto default investment fund and strategy.

Investment Options

The primary objective of the Zurich Managed 1% AP Fund is to achieve medium to long-term capital growth by investing in a spread of investments both by asset type and by economy (primarily the UK but also globally). The fund invests in equity and property elements via Zurich, with the balance invested in gilts, deposits, money market instruments and other fixed interest investments to provide liquidity, security and income.

The fund has no de-risking stage as members approach retirement and so the asset allocations will remain in the proportions set down by Zurich. The make-up of the underlying assets - and the asset allocations across sectors - will be determined by the Fund Manager who will make alterations where necessary to continue to meet the long-term strategy and aims of the fund.

Members can invest in, on a self-select basis, up to 8 other funds from those available on the platform. The alternative funds offer a range of asset classes and levels of risk.

The Trustee is required to formally review the investment strategy at least every three years or immediately following any significant change in investment policy or the Plan's member profile. No such review has been undertaken given the factors noted below.

Investment Reviews

The Trustee is 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, though this scheme could be considered a legacy arrangement and as noted, is not used as a qualifying arrangement or default arrangement for employer duties purposes.

The Trustee objectives when conducting a review are to:

- Ensure that the investment options offered within the Plan 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' "governance budget" – the Trustee' ability to monitor and govern them on an ongoing basis.

As we explained in last year's statement, no review has been undertaken in at least three years and the Trustee is aware that an investment review is overdue. As noted within the 'Future of the Plan' section of this Statement, the Trustee and Plan Sponsor had resolved to wind-up the Plan and so a pragmatic decision not to conduct a review in light of the timeframe for the wind-up, which is expected to conclude in early 2025.

Investment Monitoring

The Trustee does not receive any regular investment reporting, outside of the annual renewal and benefit statement data.

Net Investment Returns

New requirements introduced in October 2021 now require the Trustee 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, help members understand how their investments are performing, and to enable comparison. The returns are summarised in Appendix C.

2. Requirements for processing financial transactions

Service Levels and Service Monitoring

As a closed Plan, the core financial transactions are restricted to transfers out of the Plan, payment of benefits to members and/or their beneficiaries, and transfers/switches of assets between different investments in the Plan. To the Trustee's knowledge, there have been no transactions undertaken by Plan members in the scheme year, but we have confidence that had any arisen, these would have been completed promptly and accurately.

The processing of any core financial transactions is undertaken by the insurer, Zurich, which operates as the Plan's fund manager and day-to-day administrator. Zurich has not reported any issues with the administration of the Plan within the reporting period.

We are also pleased to report there were no issues identified by the Trustee during the scheme year ended 31 March 2024 relating to the the administration generally and there were no member complaints received.

Internal Controls

No specific information is provided by Zurich regarding their internal controls. As a significant presence in the financial services industry however, the Trustee are comfortable that adequate controls are in place to monitor and log work, process financial transactions and respond to members in a timely manner.

3. Assessment of charges and transaction costs

The Trustee are required to set out the on-going charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs. This is also known as the 'Total Expense Ratio' (TER). The TER is paid by the members and is reflected in the unit price of the funds that members invest in.

The Trustee is also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Plan's fund managers buy and sell assets within investment funds.

Aside from investment management charges and investment transaction costs, all other costs associated with running the Plan (to the extent there are any) are borne by the employer and therefore have no bearing on member charging. An assessment of charges and transaction costs forms part of our assessment of Value for Members, which can be found in Appendix A.

The charges and transaction costs for each fund that comprise the default investment strategy during the scheme year are recorded in Appendix B.

Details of the investment returns (net of charges and transaction costs) for each fund that comprise the default investment strategy and for each fund which members can select (and in which assets relating to members are invested during the scheme year) are recorded in Appendix C.

Examples of the cumulative effect of costs and charges on member funds are set out in Appendix D.

A new requirement was introduced whereby the Trustee must disclose the asset allocations of any default funds. This information is in Appendix E.

In preparing Appendices B, C, D and E of this Statement, the Trustee has had regard to statutory guidance published by the Department for Work and Pensions and have not deviated from that guidance.

The TER applicable to the default fund is significantly below the Charge Control cap of 0.75% which applies to auto-enrolment workplace pension schemes. Transaction costs were very high (relative to the TER) in the Chair Statement produced in the previous scheme year, at 0,35%; this has reduced substantially in the current scheme year to 0.12%.

All charges and transaction cost details disclosed have been provided either directly by Zurich or indirectly using publicly available data and covers the period to 31 March 2024.

The Trustee recognise that the TER is very competitive, relative to the comparator average used in the 'Value for Members' assessment later in this document, and in itself offers value for money; it is pleased to note the reduction in transaction costs too, relative to both the TER and the previous scheme year's figures.

4. The requirement for trustee knowledge and understanding

Trustee requirements and expectations

The Trustee is required to spend an appropriate amount of time running the Plan in relation to the size and complexity of the arrangements and in doing so 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, one Trustee meeting was held. As reported in last year's statement, there have been several changes to the Trustee board in recent years, driven by overall changes within the Sponsoring employer and culminating with the appointment of an independent professional Trustee, PAN Trustees UK LLP to the Board of Trustees, in January 2023, as noted above, PAN Trustees UK LLP became Sole Trustee on 3 April 2023.

To maintain an appropriate level of knowledge and understanding, 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 Trustee relating to the administration and management of the Plan. The Trustee refers to the Trust Deed and Rules as necessary and, where relevant, in 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 of the assets of occupational pension schemes.

As a professional Trustee, PAN Trustees UK LLP brings the necessary experience, knowledge and understanding and also sufficient time to scheme management.

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 Trustee 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 Trustee meet the minimum level of knowledge and understanding required under the Pensions Act 2004.

At the time of publication of this statement, each current Trustee representative has completed all relevant Toolkit modules applicable to the end of March 2024, as expected in its role as a professional Trustee.

Additional training is provided based on the individual and collective needs of the Trustee Board with the intention of ensuring the Trustee board always has enough understanding overall to operate the Plan in an effective manner.

The Trustee also has access to suitably qualified professional advisers to provide advice and to ensure that Plan governance, controls, skills, and knowledge are current and meeting the expectations of the TPR and Plan members.

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 the Zurich via the following methods, quoting the Plan name and your policy number (if known):

Zurich Assurance Ltd
Unity Place
1 Carfax Close
Swindon
SN1 1AP

Or you can telephone Zurich on 0370 333 1500.

Summary

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

It is our view that the Plan provides 'Fair' Value for Members when account of the specific demographics and asset size of the Plan is compared to the comparators and options available to the Trustee. Our Value for Members Assessment is set out in Appendix A.

Signed and dated on behalf of the Trustee by:

Jon Walters

Jon Walters - Chair of Trustee on behalf of PAN Trustees UK LLP

October 2024

Appendix A: Value for Members Assessment

Value for Members Assessment

Introduction

As explained within the Introduction to this Statement, the 'Value for Members' assessment is a requirement for the Trustee, designed to comply with The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations').

These new 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. The regulations therefore apply to the Plan and were first reported in last year's statement.

Requirements

The regulations require the Trustee 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

However, where a scheme has triggered a wind-up prior to the date by which the Trustee must publish its Chair Statement, it is not necessary to perform the 'Administration and Governance' aspect of the review. As advised earlier in this statement, the Trustee signed a Resolution to commence the wind-up on 17 October 2024 and has therefore utilised this exemption and not produced this review.

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. Please note that given the size and structure of this Plan, it was not possible to find three comparator arrangements; the Plan has therefore been benchmarked versus two schemes using publicly available data on their costs and charges.

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

Assessment Process

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

To do so, the Trustee have applied a weighting to the two factors outlined above, which have been amended to reflect that no 'Administration and Governance' review is required:

1. Costs and Charges **(40%)**

2. Net investment returns (60%)

A higher weighting towards net investment returns reflects regulatory guidance.

The Trustee has then applied a scoring system to each metric which uses several measures and analysis to determine whether each section offers poor/fair or good value. For the investment-related sections, the scoring is based on how the Plan performs within thresholds versus its comparators;

The scores applied by the Trustee following their assessment, combined with the allocated weightings, provides the Trustee with an overall Value for Members 'score'. The assessment outcomes are then categorised as:

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

Assessment Results

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

Costs and Charges

Following assessment, the Trustee agreed that the Plan scored fairly on costs and charges relative to the two comparator schemes overall. Whilst the Total Expense Ratio (TER) for the designated default for the Plan of 0.18% is better than the comparators (with an averaged TER of 0.25%), the transaction costs are still appreciably higher, at 0.12%, versus an average of 0.03% across the comparators.

It is though acknowledged that the transaction charges have reduced significantly compared to those disclosed for last year's statement (down from 0.35%) however. This means the overall charges of 0.30% are therefore comparable to the average of the competitors, at 0.275%, when considering the size and scale of this Plan.

The Trustee therefore considers that from a cost and charge perspective, the Plan provides 'Fair' Value for Members, and it is further noted that as deferred plans with no ongoing contributions or lifestyling, transactions costs would be limited in their application. Were transaction costs discounted completely, the Trustee would rate the costs & charges to be 'Good'.

In addition to the costs and charges relevant to the default fund, members are subject to a policy charge, which is not related to any fund, and is currently £14.71 per month.

Further information on the Plan's Member Charges and Transaction Costs, can be found in Appendix B.

Net investment returns

Following assessment, the Trustee agreed that the Plan did not achieve a similar level of return versus the comparator schemes, with net returns more than 2% lower than the average of the comparators. The Trustee therefore consider that from an investment performance perspective, the Plan provides 'Poor' Value for Members.

Based on comparison with two larger schemes, the net investment return achieved by the Plan's default investment strategy was 9.60% for the period covered by this statement. The performance is however impacted by the monthly policy charge, which Zurich calculates as having the effect of reducing performance by approximately 1.8% (accounted for in the net return value quoted).

This compared with an average comparator return of 11.67%. This difference was driven mainly by one of the comparators, which responded very well to the underperformance seen in the previous year. As an additional point of comparison, we have compared to a proxy benchmark (the ABI Mixed Investment 40-85% Shares sector); this had performance of 9.71% (gross) for the year under review. The default fund, which has c.65% invested in listed equities, therefore performed fairly against this metric, but poorly versus the comparators. In isolation the performance of the default fund can therefore be classed as fair, but 'Poor' against the larger comparator fund.

Further information on the Plan's net investment returns, can be found in Appendix C.

Overall Results

Once allowance has been made for the relative weightings applied to each factor, the Trustee consider that overall, the Plan provides, 'Fair' Value for Members.

A 'Fair' rating reflects that the Plan offers value in some aspects, but there are areas which would need improvement in order to meet the level of overall governance expected by the DWP and the Pensions Regulator.

In particular, whilst costs and charges are rated as 'Fair' over the course of the scheme year, the monthly policy charge can have a material impact on the net returns, and transaction costs (to the extent that they are applied) can still be high across the fund range. The Trustee however recognises that net returns, whilst poor versus comparators, is still broadly comparable against a notional benchmark.

The idea behind the assessment is to help inform Trustee of any future action to take in the best interests of members. As outlined earlier within this document, the Trustee has commenced the wind-up of the Plan and, given the demographics of the membership and assets under management, the Plan does offer some value to members.

Further information in support of the Trustee's assessment and conclusions are set out below.

Value for Members Statement

The Trustee believe, in line with the Pension 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 and that members should achieve a good outcome from their pension savings.

The Trustee considers 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 Trustee 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 Trustee believes that overall, the Plan represents 'Fair' Value for Members. This conclusion is based on the assessment undertaken by the Trustee, and which includes, but is not limited to, the following:

1. The oversight and skills, knowledge and experience gained by the appointment of a professional Trustee, including ensuring the Plan is compliant with relevant legislation, such as the charge cap, is appropriate for the size and make-up of the Plan.

2. Day-to-day running of the administration of the Plan is provided by the insurer, Zurich, and there have been no issues raised with the processing of core financial transactions or administration generally during the scheme year.
3. The costs of the Plan are predominantly borne by the employer, leaving only investment costs which are borne by Plan members (Total Expense Ratios, including Annual Management Charges (AMCs), and ongoing transaction costs).
4. Based on the views of our advisers, the investment costs borne by members compare fairly to the comparator schemes. The TER is noted as being significantly lower than the comparator schemes, and whilst transaction costs can be high, as a deferred scheme with no lifestyling, any application of any transaction costs is likely to be minimal.
5. In addition to costs and charges related to the default fund, member policies are also subject to a 'Policy Charge' which, for the period covered by this statement, is £14.71 per month and increases each year with inflation. This charge represents an additional cost that erodes value in the fund.
6. Whilst the TER of the default investment strategy falls well-below both the charge cap of 0.75% and are also lower than its comparator schemes, fund charges for some funds available on a self-select basis carry a combination of high TER/high transaction costs or both, with many TERs alone exceeding the Charge Cap. It is noted that whilst as a legacy scheme the Charge Cap does not apply, it is a helpful benchmark for the Trustee to use in addition to the comparator schemes.
7. The investment options offered to members (including the default investment strategy) have not been subject to review in several years, with the current strategy offering no lifestyling or other de-risking as members approach retirement. Members do not currently have access to alternative strategies that allow for different member outcomes at retirement as allowed for in line with the pension flexibilities introduced in April 2015.
8. The self-select fund range offers a reasonable range of asset classes and sectors on the platform, allowing members to diversify their investments.
9. The net returns for the default fund option is fair when considered against a notional benchmark, even once the impact of the monthly policy charge is taken account of.

Appendix B: Member Charges and Transaction Costs

FUND CHARGES AND TRANSACTION COSTS AND PRODUCT CHARGES FOR THE SCHEME YEAR ENDING 31 MARCH 2024

Fund Charges and Costs

Sedol*	Fund	Fund Manager Charge pa**	Transaction Costs pa***
0035994	Zurich Managed 1% AP	0.18%	0.12%
0035983	Zurich Equity 1% AP	0.15%	0.19%
0035927	Zurich European 1% AP	0.14%	0.65%
0035938	Zurich American Equity 1% AP	0.14%	0.05%
0035949	Zurich Far East 1% AP	0.25%	0.30%
0035972	Zurich Property 1% AP	0.54%	0.13%
B5KQ518	Zurich Managed Equity 1% AP	0.24%	0.39%
0035950	Zurich Gilt Edged 1% AP	0.11%	0.03%
0035961	Zurich Fixed Interest Deposit 1% AP	0.08%	0.02%
B53MZV3	Zurich Managed Equity & Bond 1% AP	0.23%	0.19%
B57K007	Zurich Invesco UK Equity Income 1% AP	0.81%	0.09%
B57DRV6	Zurich Stewart Investors Asia Pacific Leaders Sustainability 1% AP	0.75%	0.09%
B5TVRQ3	Zurich Managed Bond 1% AP	0.25%	0.09%
B5833J5	Zurich M&G Recovery 1% AP	0.70%	0.07%
B5LKSJ8	Zurich Allianz Emerging Markets Equity 1% AP	0.97%	1.33%
B575TL6	Zurich Henderson Strategic Bond 1% AP	0.70%	0.16%
B59LMT1	Zurich M&G Corporate Bond 1% AP	0.45%	0.10%
0100825	Zurich HSBC Equity 1% AP	0.14%	0.00%
B5NB1K1	Zurich Aegon Ethical Equity 1% AP	0.77%	0.07%
B5VW7P3	Zurich Schroder UK Alpha Plus 1% AP	0.66%	0.21%
B58N1P7	Zurich BlackRock Gold & General 1% AP	1.05%	0.55%
B5WGLF2	Zurich JPM Natural Resources 1% AP	0.83%	0.60%
BTL1M42	Zurich Target Lump Sum Fund 2023 1% AP	0.16%	0.02%
BTL1LZ6	Zurich Target Annuity Fund 2023 1% AP	0.17%	0.02%
B58G769	Zurich Man GLG Japan CoreAlpha 1% AP	0.90%	0.19%
B565SF4	Zurich Invesco Corporate Bond 1% AP	0.65%	0.19%

*SEDOL codes (c) London Stock Exchange, reproduced under licence.

**These charges cover the cost of investing in the fund.

***Transaction costs are the costs incurred from buying and selling assets in the funds. Where available we have used transaction cost data from the fund managers for the year to 31 March 2024. Where this data was not available we have used the best data that could be provided by the fund managers.

PRODUCT CHARGES

Regular Charges On Each Policy	
Annual Charge	<ul style="list-style-type: none"> • This is 1% per year. • It is taken directly within the fund and is reflected in the daily unit fund prices. • This is taken by Zurich for running your plan.
Refund of Annual Charge	<ul style="list-style-type: none"> • This is 1% per year and is added back into your plan by Zurich to offset the annual charge. • This only applies during the period in which regular payments were expected to be paid, and only to any part of your plan built up from regular payments. • It is applied by increasing the number of units in your plan each month.
Policy Charge	<ul style="list-style-type: none"> • This is £14.71 per month and increases each year with inflation. • It is applied by reducing the number of units in your plan each month. • This is taken by Zurich for running your plan. • A reduced charge may apply if the member holds other Zurich policies.

Charges On Payments Into Each Policy	
Bid/Offer Spread	<ul style="list-style-type: none"> • Payments to your plan are used to purchase units in your chosen fund(s). • Units are bought at the offer price, but valued and sold at the bid price. • The bid price of each fund is 5% lower than the offer price of the same fund. • The difference represents a 5% charge on each payment into your plan.
Allocation Rate	<ul style="list-style-type: none"> • Payments to your plan are used to purchase units in your chosen fund(s). • We may adjust the amount of each payment before allocating it to units. • This adjustment may increase or decrease the amount we invest. • The level of this adjustment varies depending on a variety of circumstances.

Note that charges for life cover (if any) are not included in the above.

Costs borne by the employer

As mentioned within this Statement, in carrying out its assessment, the Trustee 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

Appendix C - Investment returns (net of charges and transaction costs)

The table below shows the annualised net investment returns for 1-, 5-, 10-, 15- and 20-year periods ending on 31 March 2023 for all funds that members of the scheme have been invested in for the scheme year ending 31 March 2023.

The annualised returns are net of all fund charges related to the funds and are the returns applicable to a member with a fund of £10,000 who makes no further contributions over the period. Note:

1. These net investment returns do not take into account the policy charge that is payable as this relates to the policy as a whole and is not related to a given fund. Based on the current policy charge of £13.57 each month, the annual investment return for a fund of £10,000 would be reduced by approximately 1.6%.
2. In some circumstances (as described in the costs and charges section above) there is a refund of the annual charge. These net investment returns do not take this into account. If there is a refund of the annual charge on your plans then annual net investment return would be increased by approximately 1.0%.

Fund	Average return each year				
	20 Years (2004- 2024)	15 Years (2009- 2024)	10 Years (2014- 2024)	5 Years (2019- 2024)	1 Year (2023- 2024)
Zurich Managed 1% AP	7.0%	8.2%	6.3%	5.7%	10.4%
Zurich Equity 1% AP	9.7%	12.1%	10.6%	11.0%	17.9%
Zurich European 1% AP	10.0%	11.9%	9.1%	11.4%	13.2%
Zurich Far East 1% AP	7.4%	8.5%	8.3%	5.5%	6.8%
Zurich American Equity 1% AP	12.2%	15.9%	16.1%	16.9%	30.5%
Zurich Property 1% AP	4.2%	4.6%	4.5%	2.3%	2.9%
Zurich Gilt Edged 1% AP	2.0%	1.0%	-0.4%	-5.1%	-2.2%
Zurich Fixed Interest Deposit 1% AP	1.0%	0.3%	0.4%	1.0%	4.0%
Zurich Managed Equity 1% AP	N/A	N/A	7.7%	7.9%	13.8%
Zurich Managed Equity & Bond 1% AP	N/A	N/A	4.3%	3.6%	9.5%
Zurich Invesco UK Equity Income 1% AP	N/A	N/A	1.1%	-0.2%	11.4%
Zurich Stewart Investors Asia Pacific Leaders Sustainability 1% AP	N/A	N/A	8.1%	5.5%	4.1%
Zurich Managed Bond 1% AP	N/A	N/A	1.9%	-0.2%	3.6%
Zurich M&G Recovery 1% AP	N/A	N/A	-0.9%	-2.6%	-0.3%
Zurich Allianz Emerging Markets Equity 1% AP	N/A	N/A	6.6%	4.5%	14.2%
Zurich Henderson Strategic Bond 1% AP	N/A	N/A	0.9%	-1.4%	-1.3%
Zurich M&G Corporate Bond 1% AP	N/A	N/A	1.8%	-0.1%	6.1%
Zurich HSBC Equity 1% AP	4.9%	7.3%	3.6%	4.3%	6.6%
Zurich Aegon Ethical Equity 1% AP	N/A	N/A	2.9%	3.6%	13.3%
Zurich Schroder UK Alpha Plus 1% AP	N/A	N/A	2.8%	2.3%	0.3%
Zurich BlackRock Gold & General 1% AP	N/A	N/A	4.2%	5.3%	-6.5%
Zurich JPM Natural Resources 1% AP	N/A	N/A	5.0%	9.0%	2.3%
Zurich Target Lump Sum Fund 2023 1% AP	N/A	N/A	N/A	1.0%	3.8%
Zurich Target Annuity Fund 2023 1% AP	N/A	N/A	N/A	-1.6%	1.1%

Fund	Average return each year				
	20 Years (2004- 2024)	15 Years (2009- 2024)	10 Years (2014- 2024)	5 Years (2019- 2024)	1 Year (2023- 2024)
Zurich Man GLG Japan CoreAlpha 1% AP	N/A	N/A	9.6%	8.9%	26.9%
Zurich Invesco Corporate Bond 1% AP	N/A	N/A	1.6%	0.4%	7.7%

An entry of "N/A" indicates that the fund was not launched until after the start of the relevant period.

Further information on each fund can be found under the "Fund details" tab of <https://www.zurich.co.uk/pensions-and-investments/manage-my-pension>.

Appendix D: Projected Values

Default investment strategy - projected pension pot showing effect of charges and transaction costs produced in accordance with DWP guidance

In accordance with regulatory guidelines, schemes are to present information around the costs and charges of the default funds borne by members, along with an illustration of how, in practical terms, these can impact on fund values over a period of time.

The table shows projected pot values in today's prices after allowing for inflation, before and after charges and costs are deducted.

We have shown 2 sets of illustrative examples for different levels of pot size for members for whom contributions are no longer being paid. For each pot size we have shown examples of how the projected pension pot may develop for the 2 most popular funds for this product code and also the funds with the highest and lowest charges (Zurich Allianz Emerging Markets Equity 1% AP respectively). In all our illustrations we have assumed that the pension pot has arisen entirely from regular contributions.

The illustrations are shown for typical plans of this type and for a member aged 40 at the start of the projection. **In practice the actual development of the projected pension pot for an individual plan may vary significantly depending on the precise circumstances of the plan such as the type of contributions made into the plan. The illustrations assume that the pension pot has arisen entirely from regular non-protected rights contributions into the plan.**

ILLUSTRATIVE EXAMPLES – OPENING POT SIZE £10,000

Projected pension pot in today's money								
Fund choice								
	Zurich Managed 1% AP		Zurich Equity 1% AP		Zurich Allianz Emerging Markets Equity 1% AP		Zurich Fixed Interest Deposit 1% AP	
Years	Before charges + cost	After all charges + costs deducted	Before charges + cost	After all charges + costs deducted	Before charges + cost	After all charges + costs deducted	Before charges + cost	After all charges + costs deducted
1	10,300	10,100	10,300	10,100	10,500	10,100	9,950	9,760
3	11,100	10,400	11,100	10,400	11,600	10,400	9,850	9,300
5	11,900	10,700	12,000	10,700	12,800	10,800	9,760	8,850
10	14,300	11,600	14,400	11,600	16,500	11,700	9,530	7,740
15	17,100	12,600	17,200	12,700	21,300	12,900	9,300	6,650
20	20,500	13,900	20,700	14,000	27,400	14,200	9,080	5,600

ILLUSTRATIVE EXAMPLES – OPENING POT SIZE £30,000

Projected pension pot in today's money								
Fund choice								
Years	Zurich Managed 1% AP		Zurich Equity 1% AP		Zurich Allianz Emerging Markets Equity 1% AP		Zurich Fixed Interest Deposit 1% AP	
	Before charges + cost	After all charges + costs deducted	Before charges + cost	After all charges + costs deducted	Before charges + cost	After all charges + costs deducted	Before charges + cost	After all charges + costs deducted
1	31,000	30,700	31,100	30,700	31,500	30,800	29,800	29,600
3	33,400	32,400	33,400	32,400	34,800	32,500	29,500	28,900
5	35,900	34,100	36,000	34,200	38,600	34,300	29,200	28,200
10	42,900	39,000	43,200	39,100	49,600	39,500	28,500	26,600
15	51,400	44,800	51,800	45,000	63,900	45,500	27,900	25,000
20	61,500	51,500	62,200	51,800	82,200	52,700	27,200	23,400

Notes

1. 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. It is assumed that the originally selected retirement age of the member is 60 and that the originally selected Contribution Payment Term was to age 60
3. It is assumed that the member is aged 40 at the start of the projection and retires after 20 years at age 60.
4. The starting pot size, which is the transfer value quoted of the plan, is assumed to be as stated in the start of each section.
5. Inflation is assumed to be 2.5% each year.
6. It is assumed that no further contributions are paid.
7. Values shown are estimates and are not guaranteed.
8. The product charges and fund charges assumed are as shown in the Product Charges, Fund Charges and Transaction Costs literature outlined in Appendix C. The assumed transaction costs are based on the average of the actual transaction costs for each fund over the last five scheme years and are shown in the table below.
9. The projected growth rate for each fund are as follows:

Fund	Projected Growth Rate	Assumed Transaction Costs
Zurich Managed 1% AP	3.6% above inflation	0.25% each year
Zurich Equity 1% AP	3.7% above inflation	0.31% each year
Zurich Allianz Emerging Markets Equity 1% AP	5.1% above inflation	0.80% each year
Zurich Fixed Interest Deposit 1% AP	0.5% below inflation	0.01% each year

Appendix E

In accordance with the following regulations introduced for scheme years ending after 31 October 2023:

- 23(1)(aza) (annual statement regarding governance); and
- 25A (assessment of asset allocation) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (“the Administration Regulations” introduced for scheme years ending post October 2023

it is a requirement that Trustees publish details of the asset allocations of any default funds as part of this statement. For the purpose of this statement, the Zurich Managed 1% AP fund is the designated default fund. The asset allocations for this fund as at 31 March 2024 were:

Asset Class	Percentage allocation
Cash	1.0%
Bonds	19.0%
Listed equities	64.9%
Private equity	0.0%
Property	10.4%
Private debt	0.0%
Infrastructure	4.7%
Other	0.0%

The illiquid asset information as at 31 March 2024 is summarised as:

- This fund is invested in some illiquid assets.
- The type of illiquid assets that the fund invests in is Property.
- The illiquid investments within the fund are held both directly (8.8%) and indirectly (0.4%).
- The fund also invests in property through exchange traded vehicles (1.2%) which are not illiquid.