



Attwater & Sons Ltd Retirement Savings Plan

Chair's Statement

6 April 2024 to 5 April 2025

01 Introduction

This is the Chair's Statement for the Attwater & Sons Ltd Retirement Savings Plan (the 'Plan') covering the period 6 April 2024 to 5 April 2025.

As the Chair of the Trustees ('the Trustees'), I provide you with a yearly statement which explains what steps have been taken by the Trustee, with help from our professional advisers, to look to meet the required governance standards. The law sets out what information must be included in my Statement, and this is designed to help members achieve a good outcome from their pension savings.

The Attwater & Sons Limited Retirement Savings Plan was established to provide retirement benefits for the Company's employees. The operation of the Plan is governed by the definitive trust deed. The Plan is a hybrid arrangement, and some of the defined contribution ('DC') section members have a defined benefit ('DB') underpin, with additional voluntary contributions (AVCs) for some members.

The DC section of the Plan is constructed of two sections:

- > The Crest Secure Pension Plan
- > The Crest Growth Pension Plan

These sections invest in different investment funds with Royal London and include DC members' AVC funds. Some of the members also have DB underpin benefits in the form of a Guaranteed Minimum Pension (GMP).

The DB section members also have a small amount of AVC funds which are invested with Phoenix Life.

The Plan closed to new members and contributions in 2006.

The Plan is not a qualifying workplace pension scheme for the purposes of auto-enrolment and does not require or operate a default investment strategy for its members.

If you have any questions about anything that is set out below or queries about your Plan benefits, please do contact Royal London or Phoenix Life via the following links:

- > <https://www.royallondon.com/existing-customers/contact-us/>
- > <https://www.phoenixlife.co.uk/customer-centre/contact-us>

02 Investment Performance

02.01 Investments

There are two Funds in which members of the Plan are invested in, these are the Crest Secure Fund (under the Crest Secure section of the Plan) and the RLP Managed Fund (under the Crest Growth section of the Plan). Members do not currently have a range of funds available to them to choose their own investment strategy.

The Crest Secure Fund is a policy held with Royal London and operates in a similar format to a with profits fund but with lower exposure to the stock market. As a result, there is no terminal bonus although a regular bonus is added to the fund's value. The Fund has a guaranteed minimum growth rate (which is 0%). The aim of the investment strategy is to maximise the long-term return on investments for policyholders whilst recognising the need for the fund to meet its guaranteed liabilities.

The RLP Managed Fund is a mixed asset fund which invests in other Royal London Asset Management (RLAM) funds. The manager ensures the maximum potential for capital growth exists for the given level of risk. The underlying investments include the Global Managed, Property, Medium (10yr) Index Linked and Medium (10yr) Corporate Bond funds. The fund is designed to maximise real returns (i.e. returns above inflation) over a ten-year period.

The Trustee has delegated the underlying investment decisions to Royal London. It is the responsibility of the Trustee however to review the suitability of Royal London as the Investment Manager and the current fund selection. The Trustee is also responsible for monitoring the age demographic of the members, as well as the members' fund values when considering the suitability of the fund range as part of any investment strategy review.

A small number of DB section members also have AVC's via the Century Crown Managed Fund under Phoenix Life. This fund aims to achieve long-term capital growth through investment in a managed portfolio of world-wide equities, fixed interest securities, property and cash deposits.

As at 5 April 2025, the Plan has £212,248.40 (including AVCs) invested in the DC section (in Royal London funds). The Trustee is awaiting confirmation of the DB AVC amount invested with Phoenix Life. It is expected this figure will be small, however, the Trustees will continue to request it.

02.02 Investment Fund Performances

The table below shows the fund performance of all three available funds over the last one and five years with a normal retirement age of 65. The performance figures are net of charges and transaction costs and have been annualised where the period shown is longer than one year. The Trustee has had regard to the statutory guidance in preparing this section of the statement. The Trustee has a process in place to publish relevant parts of this section on its website (<https://www.attwater.com/chairsstatement.html>) and has complied with the requirements to notify members about this information in the Annual Benefit Statements. Returns at 5 April are not published, so returns at 31 March are shown instead.

Investment Performance continued

	1 year (01/04/2024 – 31/03/2025)	5 years (01/04/2020 – 31/03/2025)
Phoenix Century Crown Managed	5.15%	6.70%
RLP Managed	3.17%	7.65%
Crest Secure	1.05%	1.05%

03 Charges and transaction costs

03.01 Investment Manager Charges

Members pay a charge in respect of administration and investment management. All other charges (including governance, communications, and the work of the Trustee) are met by the Employer and this is a valuable benefit to members of the Plan.

The level of charges borne by members during the plan year amount to between 0.98% and 1.45% of the fund value, depending on which section of the Plan they are invested in. The charges associated with the Royal London funds are noted on the fact sheets which are available on the Royal London website. Copies of the fact sheets can also be provided to members on request.

Total Expense Ratio ('TER')

Members meet what is known as the Total Expense Ratio ('TER') in respect of their individual pension pots. This is comprised of an annual Fund Management Charge ('FMC') and other indirect fees which are incurred. The TER is calculated as a percentage of all applicable assets under management.

The FMC does not include other costs of running the Plan outside of investment management costs. The administration costs of the Scheme are borne by the employer.

Transaction costs

The Trustee is also required, as far as is reasonable and practical, to calculate the transaction costs paid by members during the assessment period and assess the extent to which these transaction costs represent good value for members. Transaction costs are incurred when investments are bought and sold. Since investment requires the buying and selling of assets, transaction costs are an essential part of generating investment returns on behalf of Plan members and managing risk.

The TERs and transaction costs applicable to the funds are set out in the table below, as at 5 April 2025:

Fund Name	TER (%)	Transaction cost (%)
RLP Managed	1.00	0.119
Crest Secure	1.45	0.00
Phoenix Century Crown Manged (DB AVC)	**4.50 (initial units) / 0.98 (accumulation units)	0.00

(Source: Royal London & Phoenix Life)

**Phoenix Century Crown Manged - The 4.50% initial units fee would only be applied to new contributions going into the Scheme; however the Scheme is closed to new contributions. The charge for accumulation units is then 0.98%. The initial units charge is at 31/03/23 as Phoenix life has not provided the charges for the current Scheme year. The Trustees will continue to chase for this information.

Charges and transaction costs

continued

03.02 An illustration of the charges levied on members

Below you can find illustrations showing the possible effect of the costs and charges met by members on an example pension pot (for members in the DC section) over time. This is for illustration purposes only. The projected figures are not guaranteed, and actual returns earned and member fund values are likely to be different. Illustrations are shown for members invested in the DC section, in the Crest Secure Fund and in the RLP Managed Fund (Crest Growth Fund).

The following assumptions have been used to prepare the illustrations:

- > An initial pension pot of £20,570, which was the average pot size during the Plan year.
- > The member is currently 21 years from Normal Retirement Date.
- > The cost for investing in the Crest Secure fund is 1.45% p.a. plus allowance for the transaction charge of 0.00%. The RLP Managed Fund has an annual management charge of 1.00% and a transaction fee of 0.119% pa.
- > The expected return for the Crest Secure Fund is assumed to be 2.00% pa, which is based on Royal London SMPI figures and growth rates for similar asset classes.
- > The expected return for the RLP Managed Fund is assumed to be 6.00% pa, also based on Royal London SMPI figures and growth rates for similar asset classes.
- > Inflation of 2.50% p.a. Projected pension pot values are shown in terms of current prices.

Age	Years to Normal Retirement Age	RLP Managed Fund (Crest Growth Fund)		Crest Secure Fund	
		DC Pensions Pot (Before Charges)	DC Pension Pot (After Charges)	DC Pensions Pot (Before Charges)	DC Pension Pot (After Charges)
44	21	20,570	20,570	20,570	20,570
45	20	21,272	21,048	20,470	20,179
50	15	25,161	23,609	19,975	18,331
55	10	29,760	26,481	19,493	16,652
60	5	35,200	29,703	19,022	15,127
65	0	41,635	33,317	18,563	13,742

The Trustees note that the Crest Secure Fund figures show that returns in this fund may not keep up with inflation. While it is expected that these members may find additional value in the Guaranteed Minimum Pension underpins to these benefits, the Trustee will be undertaking a full investment strategy review to consider the funds offered to members.

Charges and transaction costs continued

03.03 What are the assumptions based on?

In preparing these illustrations, the Trustee has considered statutory guidance including the following:

- > The Department for Work and Pensions' Reporting of costs, charges, and other information: Guidance for trustees and managers of relevant occupational schemes'
- > The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20; and
- > The Pensions Regulator's quick guide to the Chair's Statement and the Technical Appendix

04 Core financial transactions

04.01 Assessing Core Transactions

During the year, the Trustees are required to ensure the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 are met and that the Plan's core financial transactions are processed promptly and accurately.

Royal London

Royal London provides administration and investment platform services to the DC section of the Plan.

Royal London provided an account statement showing the individual member holding over the period, how these holdings have changed in value, and the financial transactions that occurred during the period. The report shows there were 2 core financial transactions during the period covered by this statement. The Trustees monitor Royal London on the basis of this statement.

Royal London do not prepare a Plan specific service level report.

The Trustees generally believe that the processes in place by the administrator are appropriate and adequate. The Trustee will however discuss reporting with Royal London in an effort to obtain more Plan specific data.

For the purposes of this statement, Royal London have confirmed that they generally carry out the following core financial transactions (for closed schemes) across the plans they administer:

- > Monitoring of bank accounts – Royal London have teams that focus on monitoring the investments and banking transactions.
- > Payments to members – Royal London's administration team will ensure that all payments out of the Plan in respect of members' benefits are made in line with standard checks. This includes agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the Plan rules and legislation and complies with HMRC rules and guidance.

Phoenix Life

Phoenix Life provides administration and investment platform services to the DB section AVCs of the Plan. These are provided under an agreement ("Policy") with Phoenix Life, part of the Phoenix Group.

Phoenix Life have provided an account statement showing the individual member holding over the period, how these holdings have changed in value, and the financial transactions that occurred during the period. The report shows that there were no core financial transactions during the period covered by this statement. The Trustees monitor Phoenix Life on the basis of this statement

Phoenix Life generally provides a service level commitment to respond to requests (from advisors, trustees, and members) within 6 to 10 working days. Although requested by the Trustees, Phoenix Life does not provide reports on its performance versus this commitment for each plan.

The Trustees understand that this is typical of legacy type arrangements such as this, and therefore this lack of reporting and transparency is reflected in the Trustee's 'Value for Members' assessment.

Core financial transactions continued

Based on the above, the Trustee confirms that it is comfortable with the accuracy and timeliness of the core transactions processed in the year.

05 Value for Members

05.01 Assessment of Value

The Value for Members assessment is based on the matters which must be covered, as set out in the relevant regulations and guidance. The Plan had assets of less than £100m at the date of its last set of audited accounts and therefore must comply with the regulations as set out in that guidance, which state that for plan years ending on or after 1 January 2022, plans with less than £100m in assets and having been in operation for at least three years, must undertake a VfM assessment each year, based on a set range of matters (including: costs and charges, core financial transactions, record keeping, communications, managing conflicts, investment strategy and trustee knowledge and understanding). This must determine whether the DC benefits provided to members are good value, or not.

The Trustees take professional advice on whether this is the case and having considered the advice provided by its advisers, has concluded that the Plan does not generally offer good value for members, although some members who have a GMP underpin to their money purchase benefits may find additional value in this benefit. In summary, the Trustee concluded that:

- > The net returns achieved by the funds do not provide good value to the members of the Plan in comparison to the three large comparator plans used for the assessment. The performance of the two non AVC funds available in the Plan over the last five years were behind all three of the comparators. The Crest Secure Fund performance was noticeably below all comparators over all of the time periods compared in the review.
- > The Trustees believe that the charges associated with the Plan represents poor value to members as the overall charge of between 0.98% and 1.45% is noticeably higher than the charges for the three large comparative plans. However, current charges are fairly typical for a legacy style arrangement like the Plan which also includes a defined benefit underpin. The annual management charge covers the administrative costs of Royal London and their investment management charges. There are other costs associated with the administration of the Plan which are all borne by the Employer, which is valuable benefit for members of the Plan.
- > The Trustees will be undertaking a full review of the current investment fund range to to consider alternative investment options and whether value for members can be improved in respect of net returns and the level of costs and charges.
- > The processes that are in place to ensure the efficient administration and governance of the Plan (which include those explained in the 'Core financial transactions' and the 'Knowledge and understanding of the Trustee' sections of this Statement) are generally deemed to be appropriate.
- > Although Plan level reporting could be improved, this is not expected to be pragmatic as bespoke reporting would be required (which is likely to be cost prohibitive). The Trustees will approach Royal London and Phoenix Life to see whether additional reporting information can be made available on a scheme specific basis (particularly in respect of service levels). It is worth noting that the Plan only has a small number of members and the Trustees are able to reasonably monitor individual cases with the administrator on an ad-hoc basis when there are transactions (which are limited to transfers out or retirements as the Plan is closed).

Value for Members continued

> The Trustees rely on the standard communications issued by the Plan's administrators. These communications satisfy the regulatory requirements for the arrangement. The Trustees do not send out any further communications, however this is a pragmatic approach given the size and structure of the Plan.

Following this assessment, the Trustees do not believe that the Plan represents good value for the members.

The Trustee will be considering options to improve member value, which could include a wind-up of the Plan. However, there is some statutory work that would first need to be completed by the Trustees in relation to the GMP benefit overpins that some members have, specifically to review GMP benefits and potentially adjust scheme benefits to remove possible inequalities that may have arisen from unequal GMPs. In addition, Royal London provide a valuable guarantee in respect of the GMP benefits which could be lost on transfer, and this will need to be considered before any changes are made.

During the reporting period the Trustees appointed an investment consultant who provided some initial commentary that the longer-term performance of the funds (over 10 years) were comparable with other providers in the market. The Trustees will be undertaking a full investment strategy review which will further consider whether there are alternative funds that could improve member value.

06 Trustee Knowledge and understanding

06.01 Knowledge and understanding of the Trustees

The Trustees are required to have appropriate levels of knowledge and understanding. This includes a working knowledge of the Plan's Trust Deed and Rules and documents setting out the Trustee's current policies. Further, it must have sufficient knowledge and understanding of the law relating to pensions and trusts; and the principles relating to the funding and investment of occupational plans.

The Trustee is satisfied that they have complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004.

The Trustee has access to, and knowledge of, the Plan's documentation (e.g. Deed and Rules). These documents are available to the Trustees via the Chair of the Trustees.

The Trustees receive updates from its advisors on pensions law developments and any other areas of particular importance, including appropriate training. However, no direct training relating to DC matters has been received during the reporting period.

The Trustees use the TPR's online Toolkit in order to acquire the relevant knowledge and understanding to effectively manage the Plan. In particular, the Trustees have completed the Toolkit training in relation to hybrid arrangements.

Any new Trustees would be expected to carry out this training and be fully conversant with the Plan's documentation within 6 months.

The Trustees have drafted a Training log to better track the training they undertake throughout the Scheme year.

The Trustees are currently also developing a DC training plan to ensure that all Trustees are able to acquire and maintain the required level of knowledge and understanding.

07 Conclusion

07.01 Conclusion

The annual production of this Statement provides members with a narrative of how the Trustees look after members' interests, especially in the areas of the five key elements within this Statement listed below.

- > Fund range
- > Charges and transaction costs / net returns
- > Core financial transactions
- > Providing Value for Members
- > Trustee Knowledge and Understanding

The Trustees will continue to monitor these key areas and report to members both via the annual Chair's Statement and other communications as appropriate.

In conclusion, I am pleased to be able to submit this report in accordance with the Chair's Statement requirements.

Signature

Date

Name

Matthew D'Arcy

Qualification

Chair of the Trustees



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