Chair's Statement for the Alvan Blanch Development Company Limited Retirement and Death Benefits Plan (1992) for the year ended 30 September 2024 (1992) ('the Plan')

Introduction

Welcome to the annual Chair's Statement for the Alvan Blanch Development Company Limited Retirement and Death Benefits Plan (1992) ('the Plan'). This statement relates to the defined contribution ('DC') section of the Plan and covers the requirements set out in the Occupational Pension Schemes (Scheme Administration) Regulations 1996 ('the Administration Regulations'). It also incorporates the requirements relating to the disclosure and publication of the level of charges and transaction costs within the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 [SI 2018/233] ('the 2018 Regulations').

The DC section of the Plan closed to new contributions from 6 April 2006 and therefore does not provide a default arrangement under the meaning of regulation 3 of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 for automatic enrolment purposes or the meaning of regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005. The Plan is not being used as a qualifying scheme for automatic enrolment purposes. The majority of DC section members also benefit from a Guaranteed Minimum Pension underpin.

This Statement is available online on the Alvan Blanch Development Company Limited website at www.alvanblanchgroup.com/pension-statement-2024. If you have any questions about this statement, which is intended for informational purposes only, please email: alvanblanch@hughespricewalker.co.uk

Investment Arrangements Investment arrangements

All members within the DC section are invested in a unitised with-profits fund, the Secure Growth Fund, operated by Aviva Life & Pensions UK Limited ('Aviva'). The amount paid on maturity or death will normally be the value of the unit fund, increased by any final bonus, although in exceptional market circumstances the amount may be lower or higher. The administration of the investment arrangement is undertaken by Aptia on behalf of Aviva.

The objective of the Secure Growth Fund is to provide stable income and long-term capital guarantees. It invests in a single pool of mixed assets: mainly fixed interest UK corporate bonds and UK gilts and cash and money market securities, with equities making up around one fifth of the assets. The target asset allocation is regularly reviewed by the Board of Directors of Aviva, usually every three years or following a significant change to market conditions or the financial position of the Secure Growth Fund. The need for a review is assessed annually. The Trustees consider this approach to be appropriate for the needs of the Plan membership, subject to periodic review.

Charges and transaction costs

The Administration Regulations require the Trustees to make an assessment of charges and transaction costs borne by DC section members and the extent to which those charges and costs represent good value for members.

The Secure Growth Fund is a single priced contract, where the only charge and cost borne by members in the Plan year is a 1.0% Annual Management Charge ('AMC'). Where surrenders are made from the Secure Growth Fund, Aviva reserves the right to impost a market value reduction (when the underlying assets are valued at an amount less than the fund holdings). As the Plan has not been used for auto-enrolment purposes it is not subject to the "charge controls" applicable to qualifying schemes from 6 April 2015.

Illustrative impact of costs and charges

The table shows the projected pension pot invested in the Secure Growth Fund, both before and after charges are deducted, for a member aged 43 whose starting pot is assumed to be £15,000. This illustration has been calculated in line with the statutory guidance.

Projected pension pot in today's money for a member aged 43 (£)		
Years	**Before charges deducted**	**After all charges deducted**
1	15,220	15,073
3	15,668	15,221
5	16,130	15,369
10	17,345	15,748
15	18,652	16,136
20	20,058	16,533
22	20,649	16,695

Notes on projected scenario calculation:

1. Projected pension pot values are shown in today's money and do not need to be further adjusted for inflation.
2. Starting pot size is assumed to be £15,000 at age 43.
3. Inflation is assumed to be 2.5% each year.
4. Values shown above are estimates and are not guaranteed.
5. The projected growth rate for the fund is 1.5% per annum above inflation. This growth rate is used to calculate the pension pots before charges (i.e. the AMC) are deducted.
6. The AMC for the Secure Growth Fund is 1.0% per annum and therefore, based on these calculations, the projected pension pot is expected to fall slightly relative to inflation after the AMC has been deducted year on year.
7. Projected pension pot does not allow for the impact of any special interest additions or terminal bonuses that may apply (see section: "Value for Members – Net Investment Returns").

Value for Member Assessment

This year the Trustees have carried out an extended 'value for member' review. This review is based on the Pensions Regulator's General Code of Practice and accompanying guide to assessing value for members. The purpose of this extended value for members assessment is to determine whether members can be expected to receive value for money in the Plan over the long term or whether they would achieve better value for money in a different scheme.

Please note that the review relates to members who have defined contribution benefits only. It does not cover benefits subject to a Guaranteed Minimum Pension underpin or any other defined benefit.

The value for members assessment covers the following three key areas:

- Costs and charges paid by members
- Net Investment Returns
- Governance and Administration

For the purposes of assessing costs and charges and net investment returns as part of the value for members assessment, the Trustees are required to compare those in the Plan with three "comparison schemes"; Master Trusts with over £100m of assets. However, due to the general unavailability of with profits investment options in schemes that may accept a transfer, the Trustees have unfortunately been able to obtain a true like-for-like comparison for the above criteria. Other publicly available Master Trust data was considered but note that only one Comparator was able to provide an indicative quote for the Plan.

In addition, the Trustees have not set out the "comparative" charges, returns or other information for the Master Trusts that declined to quote in the assessment results, as both this fact and the lack of a with profits investment option could make the inclusion of such information particularly misleading.

In assessing Governance and Administration, the Trustees are required to assess the value delivered across the following seven key metrics:

- Promptness and accuracy of core financial transactions
- Quality of Record Keeping
- Appropriateness of default investment strategy
- Quality of investment governance
- Level of trustee knowledge understanding and skills to operate the pension scheme effectively
- Quality of communication with scheme members
- Effectiveness of management of conflicts of interest

The Trustees are required to report the outcome of the value for members assessment and if the conclusion is that the Plan does not provide value for members the Trustees are also required to report what action they are taking to address matters.

This can either be:

1- Transfer members to another DC scheme and wind up the Plan; or
2- Take steps to improve the value for members within the Plan.

The results and conclusions of the value for members assessment carried out by the Trustees are set out below.

In completing this value for members assessment, the Trustees have followed the Guidance for trustees of relevant occupational defined contribution schemes as published by the Department of Work and Pensions (DWP) on 21 June 2021.

Value for Members – Costs and Charges

Three different Master Trust schemes were approached to obtain indicative costs and charges from comparison schemes. However, due to the small size of the Plan only one of these, Comparator A, was able to provide an indicative quote.

The results of the comparison are as follows:

Fund	Annual Fund / Management Charge (TER)	Transaction costs and other charges (2 d.p.)	Total costs and charges
Aviva Secure Growth Fund	1.00%	Nil	1.00%
Comparator A	0.23%*	Nil	0.23%*

*Important note: It should be noted that these indicative charges were provided on the basis that all DC assets of the Plan were to transfer across and not just those without any defined benefit (i.e. GMP) underpin. The Trustees would expect quoted terms either to increase for a transfer of the Plan's "pure" DC assets only or not be offered at all. In addition, it should be noted that the charges shown relate to assumed investment in a different fully "unit-linked" fund that is not "with profits" and therefore does not have any capital guarantees that generally apply to members' current DC accounts.

As described in the 'Charges and Transactions Section', the Secure Growth Fund is a single priced contract. Aviva reserves the right to impost a market value reduction (when the underlying assets are valued at an amount less than the fund holdings) although in most cases this does not occur. In addition, a member charge currently £57.60 per annum per member, is usually applied at each Plan anniversary from the group account. The member charge is reviewed annually to take into account changes in costs. In addition to the Comparator A fund-based charges, transaction costs of 0.071% per annum are payable.

The Trustees acknowledge the potential for lower charges if members' DC accounts were to be transferred to a different arrangement, but they also recognise the materially different investment arrangements this would entail and potential loss of capital guarantees. Due to this lack of comparability, the Trustees consider that the current arrangement provides reasonable value for members in respect of charges.

Value for Members – Net Investment Returns

A comparison of 1, 3 and 5 year annualised returns (where possible) is set out below:

Investment Funds	Performance figures over the period to 31 December 2023 (the returns are annualised)		
	1 year	3 years	5 years
Aviva Secure Growth Fund	11.1%	-0.6%	3.1%
Comparator A	16.9%	6.7%	unavailable

Notes

- The Aviva performance figures shown are gross of fees, net figures are unavailable
- The Comparator provided performance data for the year ending 30 June 2024

The Aviva Secure Growth Fund has received positive returns generally throughout the period before 2023. Inflation increases and interest rates affected equity, government bond and credit markets, which made up the portfolio in the proportions 16%, 71% and 13% respectively. The Comparator was invested in equities, bonds and credit holdings in the proportions 80%, 10%, 10%. It should also be noted that the financial reporting for the fund is provided in calendar years rather than Plan years and therefore represents the period from 01 January 2023 to 31 December 2023, which is different to the Comparator.

Aviva bases the regular interest rates of the Secure Growth Fund on its expectations of future investment returns within the fund. Regular interest rates are reviewed by Aviva at least once a year. Aviva carried out their last annual review of regular interest rates in December 2023 and decided that the rate should increase to 3.0% per annum gross of the management charge. The rate review was effective from 1 January 2024.

Historically Aviva has applied special interest payments to all policies - in 2014 (15%), 2016 (10%) and 2017 (5%). Aviva commenced adding a final bonus to members' pots at the point they are cashed in from 1 January 2018. Because of this, it is less likely that further special interest additions will be made in the future. The rates are reviewed at least twice a year. Final bonuses can increase the final value of the members' pots but do vary depending on when members encash their fund and are not guaranteed to apply. The final bonus that would have been payable on 30 September 2023 was 27.5%.

A with-profits policy differs from a unit linked policy in that it is not totally reliant on the current value of the underlying assets. There is an element of smoothing which over the years keeps some of the gains earned in good years to pay for bonuses in poor investment years. The Trustees have considered the investment return data provided by Aviva and are therefore satisfied that the fund is performing to the level expected for a low volatility fund such as this.

Although the Comparator data shows lower performance figures in the table above, the figures do not provide a fair comparison due to the significant difference between the with profits Secure Growth Fund and the unit-linked default fund illustrated for Comparator A.

The Trustees are of the opinion that the Plan offers good value to members in respect of investment performance.

Value for Members – Governance and administration

The Trustees have assessed the value for members delivered by the Plan's governance and administration offering across the seven key areas required and the results of the assessment are set out below.

Promptness and accuracy of financial transactions

The Trustees have a specific duty to ensure that core financial transactions relating to the Plan (transfer of member assets out of the Plan, transfers between different investments within the Plan and payments to and in respect of members) are processed promptly and accurately. The Plan is closed and therefore no contributions or transfers are paid into the DC section.

Hughes Price Walker ('HPW') is appointed by the Trustees as the Plan's administrator, with Aptia (formerly Mercer) acting as the administrator for all types of bank and fund transactions. The Trustees have agreed service levels with Aptia, whereby disinvestment instructions are processed within 5 working days after receipt of the appropriate paperwork.

As the Plan's administrator, HPW helps the Trustees to oversee the timeliness of transactions and administers the Plan in accordance with set service levels for the processing of member events such as retirements, transfers out and deaths. The processes adopted by HPW to help meet these service levels include comprehensive checklists and 'authoriser and releaser' process for transactions. HPW is accredited with ISO 9001 certification and is subject to an annual audit of its procedures. HPW has set internal service level standards, under which most calculations are to be completed within five working days. HPW reported that 94% of the 49 transactions and administrative events that took place during the Plan year were completed within the agreed service level.

The Trustees are pleased to report that in the last Plan year there were no material administration service issues or member complaints, and all core financial transactions were processed promptly and accurately. The Trustees verify that core financial transactions are processed promptly and accurately by having the Plan auditor, Shiner Mitchell Fisher & Co Ltd independently check the timeliness and compliance of all activities as part of the annual audit process.

Quality of Record Keeping – Security & Accuracy

The Trustees have reviewed the security and accuracy of the Plan's record keeping policies and processes and have taken into account the following:

- The Plan has an up-to-date privacy policy for members
- HPW and the Trustees use secure delivery methods including the use of password protected documents to transmit personal data in respect of members.
- HPW, who maintains members' records on the Trustees' behalf, has in place the following measures:
    - Back up data daily and all backups are encrypted at source and in an offsite datacentre;
    - HPW networks are password protected and staff passwords are reset every six months;
    - All HPW staff use multi-factor authentication and VPN to access HPW's server when working remotely;
    - HPW has firewalls and anti-virus is updated daily;

- Undertake regular security patch management and have in place pro-active monitoring and alerting for new available updates;
- Data stored on-premises is encrypted and resides on a Storage Area Network with secure disk encryption;
- Is Cyber Essentials certified and maintains the annual certification; and
- Has a business continuity and disaster recovery policy in place that is regularly tested.

Whilst the Trustees are satisfied that these measures demonstrate the effectiveness of the controls that are in place to deal with data security and cyber risk, the Trustees recognise that the Plan's risk register should be comprehensively reviewed during the next Plan year and data security will form a key part in that review.

Appropriateness of default investment strategy

As outlined in the Investment Arrangements Section, members' benefits are invested in a unitised with-profits fund, the Secure Growth Fund. The administration of the investment arrangement is undertaken by Aptia on behalf of Aviva.

The objective of the Secure Growth Fund is to provide stable income and long-term capital guarantees. It invests in a single pool of mixed assets: mainly fixed interest UK corporate bonds and UK gilts and cash and money market securities, with equities making up around one fifth of the assets. The need for a review is assessed annually. The Trustees consider this approach to be appropriate for the needs of the Plan membership.

It is noted that members are not given any other fund choices in the Plan. Many members of the Plan may not wish to choose or have the confidence to make such investment decisions. The average age of members with DC only benefits is within ten years of the Plan's normal retirement age, therefore a lower risk fund type benefitting from final bonuses was considered appropriate for this Plan at the last review.

The Trustees review the default strategy periodically and will report the results of such reviews to members in future assessments.

Quality of Investment Governance

The Trustees delegate certain tasks in relation to investment advice to HPW and activities relating to the administration of the investments to Aptia. Whilst HPW is not authorised under the Financial Services and Markets Act 2000, it is able in certain circumstances to offer a limited range of investment services to clients because they are licensed by the Institute and Faculty of Actuaries. It can therefore provide these investment services if they are an incidental part of the professional services, it has been engaged to provide. The Trustees receive section 36 investment advice, as well as investment training, from HPW, as and when required.

The Board of Aviva Life & Pensions UK Limited takes advice on its with-profits funds including the Secure Growth Funds from the funds' 'With-profits Actuary' before making any key decisions. A With-Profits Committee provides oversight of the management of Aviva's with-profits funds. During 2023 the assets backing the Secure Growth Fund were managed in accordance with the requirements of the Principles and Practices of Financial Management and the Board is satisfied that the investment strategy followed is appropriate for the policy holders.

The Trustees are however, each responsible for the investments of the Plan's assets as a whole and they have established the following decision-making structure.

The Trustees:

- Set structures and processes for carrying out their role;
- Agree structure for implementing the investment strategy;
- Select and monitor planned asset allocation;
- Select and monitor investment advisers and fund managers;
- Select and monitor direct investments.

The Trustees review the reports provided by Aviva regarding the governance activities it undertakes as part of its stewardship responsibilities. The current suitability of the default strategy is reviewed by the Trustees every three years. The Trustees also review the fund performance at every Trustees' meeting. The Trustees are satisfied that this is a proportionate level of monitoring and review for the Plan.

Level of trustee knowledge, understanding and skills to operate the Plan effectively

The Trustees are required by law to possess, or have access to, sufficient 'knowledge and understanding' to run the Plan effectively. Each Trustee must:

- Be conversant with the trust deed and rules of the Plan, and any other documents recording policy for the time being adopted by the Trustees relating to the administration of the Plan generally.
- Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustees take this responsibility seriously and work with their professional advisers to address any areas where their knowledge might be less than the Pensions Regulator would expect.

The Trustees have measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding. Details of how the conversance and knowledge and understanding requirements have been met during the period covered by this statement are set out below.

The Trustees take the training and development responsibilities seriously. The Trustees, with the help of their advisers, regularly consider training requirements to identify any knowledge gaps. Training undertaken is noted in the Trustee training log.

All the Trustees are familiar with and have access to copies of the current Plan governing documentation, including the Trust Deed & Rules (together with any amendments), and key policies and procedures. In particular, the Trustees 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. Any new Trustee is required to be familiar with these documents.

Furthermore, the Trustees consider that they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

The Trustees consider that the Trustee board is sufficiently diverse in terms of background, experience, and skills. Taking into account the knowledge and experience of the Trustees with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisers, the Trustees believe they are well placed to exercise their functions as Trustees of the Plan properly and effectively. The Trustees hold regular meetings and are in regular communication with each other over specific member cases and issues as required. The Trustees consider that they have an open and constructive relationship with the employer.

The Trustees have concluded that the level of trustee knowledge, understanding and skills demonstrated by the current trustees allows the Plan to operate efficiently and provides good value for members.

Quality of communication with Plan members

Communications with members are predominantly drafted by HPW and where appropriate, such as bulk communications (e.g. SMPIs), are often reviewed by the Trustees before being issued. There have been no specific member complaints relating to the quality or accuracy of member communications or any breaches of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 in the year to 30 September 2024. Where the email addresses of members are held on record, and such members have informed HPW their preference is to receive communications electronically, HPW will typically correspond via email with those members.

Members are reminded about their investment options on at least an annual basis when they receive their statutory money purchase illustrations (SMPIs). The Trustees review these communications that are drafted by HPW, before they are issued to the members.

Regulations came into effect on 30 November 2021 which require trustees and scheme managers to ensure specific checks are made before proceeding with a member's request to transfer their pension. The aim of the new regulations is to protect scheme members and pension trustees. Since the regulations came into effect, HPW has incorporated all the new requirements into their processes and communications for transfers. Furthermore, as part of its commitment to combat pension scams, HPW has made the pledge to combat pensions scams with the Pensions Regulator.

To comply with the Stronger Nudge guidance published by the Government, HPW has incorporated the following into their relevant processes, procedures, and communications with effect from 1 June 2022:

- Written explanation of the nature and purpose of the appropriate guidance to members;
- Facilitating the booking of Pension Wise appointments, including offering to book appointments;
- Where the offer is accepted, taking reasonable steps to book the appointment for the member;
- Where the offer is declined, providing details of how the member can book the appointment;
- Explanation that, for the member's application to proceed, they must take guidance or opt out.

The Trustees are happy that the communications and processes offered by HPW and Aptia provide good value for members.

Effectiveness of management of conflicts of interest

The Trustees reviewed the effectiveness of the Plan's management of conflicts of interest and concluded that, the Plan provides good value to members. In arriving at this conclusion, the Trustees considered that:

- The Plan has a written conflicts of interest policy that is subject to regular review.
- Processes and procedures are in place requiring Trustees to declare and discuss any potential conflicts of interest.
- A conflicts of interest register is in place that is up to date and discussed at each trustee meeting.
- Controls are in place to ensure that conflicts of interest for Trustees and advisers are declared on appointment.

The Trustees have concluded that adequate controls exist to operate effectively and provide good value for members.

Value for Members – Overall Assessment

A summary of the conclusions reached by the Trustees is set out below:

Area	Assessment	Comments
Costs and Charges	Reasonable value for members	Costs and charges appear high relative to Comparator A, but these are very different in structure and have different levels of risk.
Investment Performance	Good value for members	The Secure Growth Fund provides a regular interest rate, historical special interest additions and bonuses which are not available within a Master Trust.
Governance – Core financial transactions	Good value for members	All core financial transactions were processed promptly and accurately.
Governance – Record Keeping	Good value for members	Trustees can demonstrate the Plan provides good quality record keeping.
Governance – Default Investment Strategy	Reasonable value for members	The Trustees will review the default strategy periodically and the outcome will be reported in future assessments.

Governance – Investment Governance	Good value for members	Trustees can demonstrate that they have documented and robust investment governance procedures in place and that these are adhered to.
Governance – Trustee knowledge and understanding	Good value for members	The Trustees consider that the Trustee board is sufficiently diverse and that they are well placed to exercise their functions as Trustees of the Plan properly and effectively.
Governance – Member communications	Good value for members	Trustees can demonstrate that they have met their statutory obligations and satisfy the regulatory expectations.
Governance – Conflicts of Interest	Good value for members	The Plan has robust conflicts of interest processes and policies in place.
Governance – Overall	**Good value for members**	**The Trustees conclude that the Plan offers good value for members.**

Value for Members – Conclusions and Actions to improve member outcomes

The Trustees have concluded that, overall, the Plan provides reasonable value for members.

The Plan design is very different to that of a Master Trust arrangement and although costs are higher it offers member with a lower risk option and maintains a joined-up administration experience to members who in the vast majority also have safeguarded rights within the Plan. The Trustees have assessed the charges disclosed by Aviva against the performance of the fund and are satisfied that the DC section represents reasonable value for members. The Secure Growth Fund helps protect members' assets when the markets perform badly, but still lets members benefit from market growth; interest rates have also continued to be applied at a reasonable to good rate, adding bonuses to the fund's unit price; final bonuses are also added to members' pots when they retire and take payment of their benefits.

Signed by the Chair of Trustees of Alvan Blanch Development Company Limited Retirement and Death Benefits Plan (1992)

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Date 24/4/25