



Lakeland Smolt Limited Group Money Purchase Plan

Chair's Statement

1 April 2021 to 31 March 2022

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01 Introduction

This is the Chair's Statement ("the Statement") for the Lakeland Smolt Limited Group Money Purchase Plan (the "Plan") covering the period 1 April 2021 to 31 March 2022.

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

The Plan is a Defined Contribution (DC) pension arrangement which was made paid up in a previous Plan year. Accordingly, the Plan is not being used as a Qualifying Workplace Pension Plan (QWPS) in respect of the United Kingdom (UK) Workplace Pensions (also known as Auto Enrolment) legislation.

The Plan Investment Option is explained further in Section 2.

During the Plan year Lakeland Smolt Limited (the "Company") stated its intention to wind up the Plan. As part of the process, the Trustees will undertake to secure benefits by assignment of individual policies to each member of the Plan. Reasons for wind-up and assignment are primarily to improve member outcomes, but also to remove the burden of governance and associated costs from the Company and the Plan. The Company views the costs of complying with the governance requirements to be disproportionate, when considered against the Plan's paid-up status, low membership numbers and the low total value of the Plan's invested assets.

Once the formal notification of wind up has been received from the Company, the Trustees will start the wind up of the Plan and work with the Plan insurer, Phoenix Life and appointed pension advisers to complete the assignment of individual policies.

01.01 Governance

Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (The "Regulations") requires the trustees of DC pension plans to produce a Chair's Statement, which explains how the Trustees meet certain governance standards.

The Trustees have disclosed where they have met these requirements below.

02 Investments

02.01 Investment Option

The Plan is a wholly insured pension scheme, with all contributions invested in the Phoenix Life Unitised With Profits Series 1 Fund (the "Fund").

The Fund aims to achieve long-term growth from a combination of income generation and capital growth. The Fund may invest directly or indirectly in UK and overseas equities, fixed interest securities (including index-linked bonds), direct property funds and other alternative asset classes. The Fund can also invest directly in collective investments, money market instruments and short-term bonds. Returns are smoothed by way of an annual bonus rate, with a final bonus or market value reduction applicable under certain circumstances.

No formal review of the Investment Option was undertaken during the Plan year, as the Company has indicated its intention of winding up the Plan. In the event the Plan does not wind up, the Trustees will consider a formal review in due course.

02.02 Reviewing the Plan investment options

During the period covered by the Statement, the Trustees have reviewed the performance of the investments available to the Plan. This review included analysis of the Fund returns against its benchmark and consideration of general market trends. The Trustees also reviewed the Fund performance against its aims and objectives. The Trustees believe the Fund continues to meet these aims.

03 Charges and transaction costs

03.01 Investment manager charges

The Plan is a wholly insured pension scheme, with access to a number of Phoenix Life Pension Funds. However, the only investment option selected by members is the Phoenix Life Unitised With Profits Series 1 Fund (the "Fund").

The charges and other expenses applied to the Fund during the Plan year, were as follows:

| Fund Name | Annual Management Charges (AMC) | Other expenses | Total Expense Charges |
|--|--|-----------------------|------------------------------|
| Investment Option | | | |
| Phoenix Life Unitised With Profits Series 1 Fund | 1.0% | 0.5% | 1.5% |

(Source: Phoenix Life)

Transaction costs are those costs associated with buying and selling of investments and include taxes and levies, stamp duties and broker commissions incurred when buying or selling investments; and the cost of borrowing and lending securities. The following table indicates transaction costs applicable over the assessment period:

| Fund Name | Transaction Costs (% of funds traded) |
|--|--|
| Investment Option | |
| Phoenix Life Unitised With Profits Series 1 Fund | 0.13% |

(Source: Phoenix Life)

03.02 Additional charges

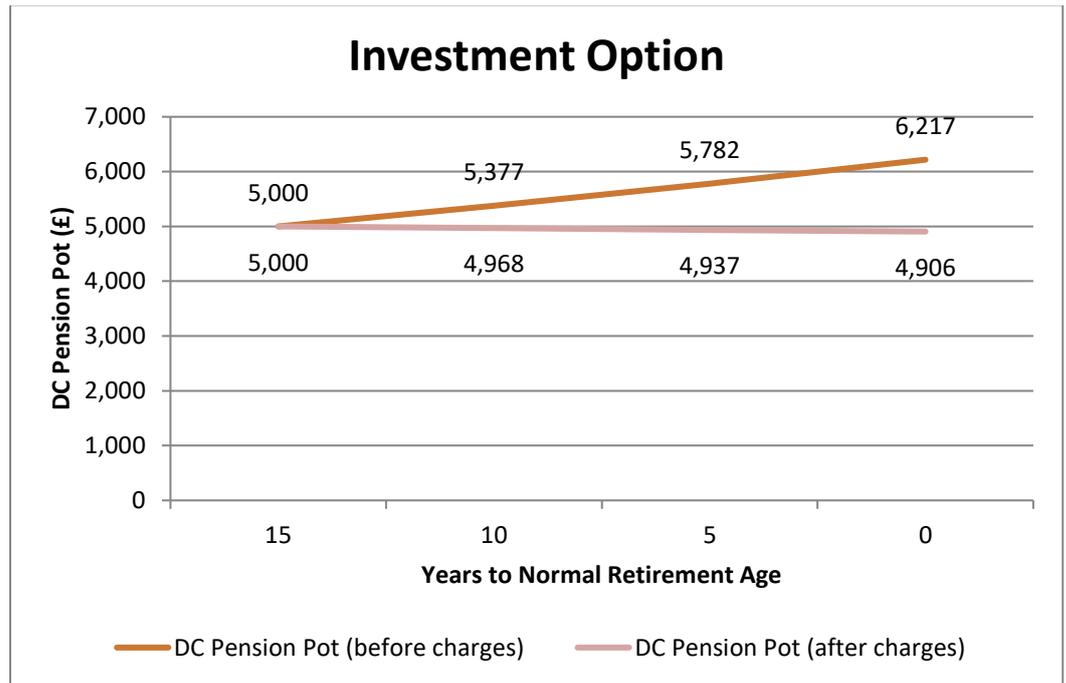
In addition to the annual charges, there is a difference between the price at which units in the Fund can be bought or sold on any given day, known as the Bid-Offer Spread. Units purchased in the Fund are charged a Bid-Offer Spread of 5.26%.

Charges and transaction costs

continued

03.03 An illustration of the charges levied on members investments

Provided in the graph below, is an illustration of the combined effect on an example member's fund, of the annual management charge and transaction charge of the Investment Option over time.



This is for illustration purposes only. The actual returns received are likely to differ over time as will the value of individual member's pension funds. This illustration is based on:

- The Investment Option as detailed in Section 2 and Section 3. All members are invested in the Fund;
- An initial member pension fund of £5,000.
- 15 year term to retirement date;
- Investment returns estimated as 4.0% per annum;
- Inflation of 2.5% per annum;
- No further contributions, as the Plan has been made paid up.

Charges and transaction costs continued

03.04 What are the assumptions based on?

In preparing these illustrations, the Trustees have had regard to:

- The Department for Work and Pensions' 'Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes';
- Actuarial Standards Technical Memorandum 1 (AS TM1 v4.2) issued by the Financial Reporting Council; and
- The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20.

04 Core financial transactions

04.01 Assessing core transactions

The Trustees adhere to the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 which require that the Plan's core financial transactions are processed promptly and accurately.

The Trustees are satisfied that the investment of contributions, transfer payments and other payments in respect of members are processed promptly and accurately by Phoenix Life.

The core financial transactions include:

- **The investment of contributions** - The Plan is paid up and as such, there have been no further contributions;
- **The transfer of assets relating to members into and out of the Plan** – The Plan's administrator maintains and reconciles comprehensive records of individual member's contributions and fund values. Any investments withdrawn or transferred to another scheme are processed promptly following receipt of all relevant paperwork, subject to any investigations required where there is evidence of a potential pensions scam;
- **The transfer of assets relating to members between different investments within the Plan** – There have been no transfers between investments during the Plan year;
- **Payments to members** – 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. In addition, every effort is made to check for possible pension scams;

04.02 Administration

The Plan is administered by Phoenix Life and the Trustees are satisfied, based on responses from Phoenix Life to their requests, that transfers and other payments in respect of members would be processed promptly and accurately, when required.

05 Value for members

05.01 Assessment of value

When assessing the charges and transaction costs which are payable by members, the Trustees are required to consider the extent to which the investment options and the retirement benefits offered by the Plan represent good value for members, when compared to other arrangements widely available within the UK DC pensions market.

The Trustees have assessed the extent to which the charges and transaction costs set out above represent good value for members. The Trustees consider that the charges are high, when compared with those alternatives widely available within the UK DC pensions market. This is one of the factors influencing the intention to wind up the Plan.

The Trustees and Company intend to wind up the Plan by assigning individual policies. If so, members will be given the option to transfer their funds to an alternative pension arrangement as part of the wind up. In this way they can avail of potential lower charges if they so choose.

In arriving at this conclusion, the Trustees considered:

- the **processes which 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 Trustees' sections of this Statement);
- the **returns achieved by the investment funds** compared to the relatively high investment charges that are met by members (as set out in this Statement);
- the **type and range of investment options** which are offered and do not allow members to target the most popular retirement choice(s); and
- the **quality of communications** and access to other services for members.

05.02 Service providers

The Trustees have no Service Level Agreement (SLA) in place with Phoenix Life.

05.03 Communications

Statutory Money Purchase Illustration (SMPI) statements are issued annually by Phoenix Life. Members do not have the ability to access to their records online, something which is widely available in the wider UK DC pensions market.

05.04 Flexibility - accessing benefits

The Trustees offer members (who meet prescribed conditions under legislation) the option to purchase an annuity to provide guaranteed income and take up to 25% of their fund as Pension Commencement Lump Sum (PCLS), also known as Tax Free Cash.

Members do not have access to the full range of Freedom & Choice in Retirement options which are widely available in the UK pensions market, such as Lump Sum withdrawals or Flexi-Access Drawdown. To do so, members would need to transfer from the Plan to another pension arrangement, which may incur transfer penalties from Phoenix Life, financial adviser fees, potentially higher charges in the receiving pension and the risk of scams.

Value for Members

continued

This is a further reason why the Trustees and Company intend to wind up the Plan. As part of this process members will be given the option to transfer their funds to an alternative pension arrangement, enabling access to the full range of Freedom & Choice in Retirement options.

05.05 Conclusion

The Trustees have assessed the extent to which the charges and transaction costs set out above represent good value for members. The Trustees consider that the charges are high, when compared with those alternatives widely available within the UK pensions market. Furthermore, the lack of online access for members to review their benefits and limited retirement options available from Phoenix Life, adversely impacts on the value for members.

For these and the other reasons outlined, the Trustees and Company intend to wind up the Plan by assigning individual policies and members will be given the option to transfer their funds to an alternative pension arrangement. In this way members can avail of lower charges if they so choose.

06 Trustee knowledge and understanding

06.01 Knowledge and understanding of the Trustees

The Trustees are satisfied that they have complied with the knowledge and understanding requirements set out in Section 247 of the Pensions Act 2004.

The Trustees have knowledge of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension scheme, as evidenced by their interaction with its advisers.

The Trustees have copies of the relevant Plan documentation, the member booklet and other communications.

The Trustees have exercised their discretions and powers in line with the Trust Deed and Rules, current legislation and, where required, professional advice has been taken, demonstrating their working knowledge of the Plan's Trust Deed and Rules.

06.02 Trustee Training

No Trustee Training or formal assessment of additional training needs was undertaken during the year as the Company has indicated to the Trustees its intention to wind up the Plan. However, Trustees received briefings on the wind-up process.

06.03 Conclusion

As a result of the Trustees activities and considering the professional advice available, I am confident that the combined knowledge and understanding of the Trustees have enabled them to properly discharge their duties.

07 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 5 key elements within this Statement listed below.

- Investment strategy
- Charges and transaction costs
- 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, with the continual monitoring and the reviews detailed here, I am pleased to be able to submit this report in accordance with the Chair's Statement requirements, in the belief that the Plan was operated and governed appropriately during the reporting period.

Signed



Date

31st October 2022

Piotr Kapinos

Chair of Trustees - Lakeland Smolt Limited Group Money
Purchase Plan

Appendix A - Projections

| Years from Now | Pension Pot (before Charges) (£) | Pension Pot (after charges) (£) |
|-----------------------|---|--|
| 1 | 5,073 | 4,994 |
| 2 | 5,147 | 4,987 |
| 3 | 5,223 | 4,981 |
| 4 | 5,299 | 4,975 |
| 5 | 5,377 | 4,968 |
| 6 | 5,455 | 4,962 |
| 7 | 5,535 | 4,956 |
| 8 | 5,616 | 4,949 |
| 9 | 5,698 | 4,943 |
| 10 | 5,782 | 4,937 |
| 11 | 5,866 | 4,931 |
| 12 | 5,952 | 4,924 |
| 13 | 6,039 | 4,918 |
| 14 | 6,128 | 4,912 |
| 15 | 6,217 | 4,906 |

Assumptions

Investment Rates: 4.00% per annum before charges
2.37% per annum after charges

Rate of Inflation: 2.5% per annum

Pension Value at Start: £5,000

Term to Retirement 15 years



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