

# The Matthew Clark Group Money Purchase Scheme - Chair's Statement

## Introduction

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This is the Matthew Clark Group Money Purchase Scheme ('the Scheme') Chair's Statement ('the Statement') for the period 6 April 2022 to 5 April 2023 (the 'Scheme Year').

The Statement has been prepared by Accolade Wines Pension Trustees Limited ('the Trustee') in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended); and supporting guidance issued by the Pensions Regulator.

The Scheme has been closed to active members and contributions since 1 April 1997, so all members have '*deferred*' benefits. The Scheme does not have a relevant default arrangement investment option for inclusion in this Statement and is not (and has never been) used as a qualifying scheme for automatic enrolment purposes by the Principal Employer (Accolade Wines Limited) or any other employer. However, commentary on the Scheme's investment options and returns; the costs and charges met by members with illustrations; the value for members and the Trustee's knowledge and understanding are included in this Statement.

Due to the Scheme having fewer than 100 members and never having had contributions paid into it for automatic enrolment purposes, it is consequently not required to have (and indeed does not have) a Statement of Investment Principles nor a Default Statement of Investment Principles. Therefore, these are not included in the Statement as would otherwise have been the case.

### 01.01 Queries

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If you have any questions or require any further information, please contact XPS Pensions Group, Queen's Quay, 33-35 Queen Street, Bristol, BS1 4LU, or call 0117 202 0420.

### 01.02 Processing core financial transactions

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Phoenix Life provides administration and investment platform services to the Scheme. These are provided under an agreement ("Policy") with Phoenix Life, part of the Phoenix Group. XPS Administration provides additional administration services, acting as the liaison with members and using information provided by Phoenix to do so.

Phoenix Life provides a service level commitment to respond to requests (from advisors, trustees, and members) within 6 to 10 working days. The Trustee is disappointed to confirm that there were instances where information requested by the Trustee's advisers was not provided in-line with the agreed service level commitment.

Furthermore, although requested by the Trustee during the Scheme year (and as has been the case in previous years), Phoenix Life does not provide reports on its performance versus this commitment for each scheme.

The Trustee understands 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.

XPS Administration has confirmed that there has been one core transaction during the period, which was delayed due to a process being required to update the Trustee signatory list. We understand that following the initial delay and updates made to the signatory list, this transaction was processed and paid appropriately. There were 10 deferred members at April 2023 (and one pensioner in receipt of an annuity); with all these deferred members invested in the two funds that make up the 'Standard' investment strategy.

There have been no issues or member complaints raised to the Trustee by Phoenix, the Scheme's advisors XPS Pensions Group or the members during the Scheme Year.

Therefore, the core financial transactions considered by the Trustee are:

- > the transfer of assets relating to members transferring into and out of the Scheme;
  - > the transfer of assets relating to members moving between different investments within the Scheme; and
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> payments from the Scheme to, or in respect of, members and beneficiaries.

Based on the above, the Trustee confirms that it is comfortable the core transactions were processed in the year, although note a delay for the member involved but do not believe this caused any financial determinant.

The Trustee will continue to request the information specific to its Policy from Phoenix for future reporting periods.

### 01.03 Investment Performance (net returns)

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#### Investment performance

Changes to legislation introduced in October 2021 require trustees of relevant occupational pension schemes to report on the net investment returns for the default arrangement(s) 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 refer to the returns on funds after the deduction of all transaction costs and charges and including them in this statement is intended to help members understand how their investments are performing. The Trustee has had regards to the statutory guidance in preparing this section of the Statement.

#### Fund Performance

The funds invested are held in the Phoenix Life NPLL Unitised With Profits Fund c.45%, and in the Phoenix NPI Pension Managed Fund c.55%. Annualised performance is shown below for 5 years, 3 years and 1 year.

	5 years (annualised)	1 year
Funds	%	%
Phoenix NPI Managed (period to 30 June 2023)	-1.38	-0.48
Phoenix Life NPLL Unitised With Profits (period to 31 December 2022)	1.59	-10.70

Data was requested from Phoenix Life, by XPS Pensions, during the drafting of this document, however, this was not provided and therefore XPS has sourced the data above from the Phoenix Life website. The data is at a combination of dates (as indicated) for this reason. XPS continues to request the information from Phoenix Life at the scheme year end date. However, to date, Phoenix Life has yet to provide this.

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## 01.04 Charges and transaction costs

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All members' plans are invested in the Phoenix Life NPLL Unitised With-Profit Fund and the Phoenix NPI Pension Managed Fund (shown below). There are two primary charges members pay in respect of their DC pension benefits. These are known as the Total Expense Ratio ("TER") and transaction costs. The TER is the aggregate of an Annual Management Charge ("AMC") and other indirect costs and charges. Transaction costs are classified as either implicit or explicit:

- > Implicit transaction costs represent the difference between the price the fund managers expect to receive or pay when they decided to sell or buy an investment and the actual price when the sale or purchase occurred.
- > Explicit transaction costs include taxes and levies including stamp duties, broker commissions incurred when buying and selling investments, and the cost of borrowing and lending securities.

The TER and aggregate transaction costs are in the table below .

<b>Fund</b>	<b>Total Expense Ratio (%)</b>	<b>Transaction costs (%)</b>
Phoenix NPI Pension Managed*	0.99%	0.12%
Phoenix NPI Pens Unitised With Profit**	1.00%	0.03%

\*Data from Phoenix Life as at 30 June 2023 (the Trustees advisors requested information at the scheme year end date and this was not provided. The Trustees advisors continue to request this information and it will be reported in future statements on receipt).

\*\*The TER is accounted for within the annual bonus declaration. This means that members receive bonuses post-deduction of all charges and costs. We have assumed (as with last year's Statement) a 1% TER charge is applicable based on information available on the Phoenix Life website as at 31 December 2022 (as despite requests, Phoenix Life did not confirm this information at the scheme year end, and XPS continues to request this on behalf of the Trustees).

### **Market Value Adjustments**

In addition to the above charges, a Market Value Adjustment ("MVA") may apply if switching out of the NPI Unitised With-Profit Fund. An MVA ensures that when an investment is switched out, it properly reflects its share of the fund's assets. This is to protect the plan holders who remain invested in the fund, by ensuring that its total value is not unfairly reduced. Should an MVA be applied, the proceeds you receive when you switch out of the fund is reduced.

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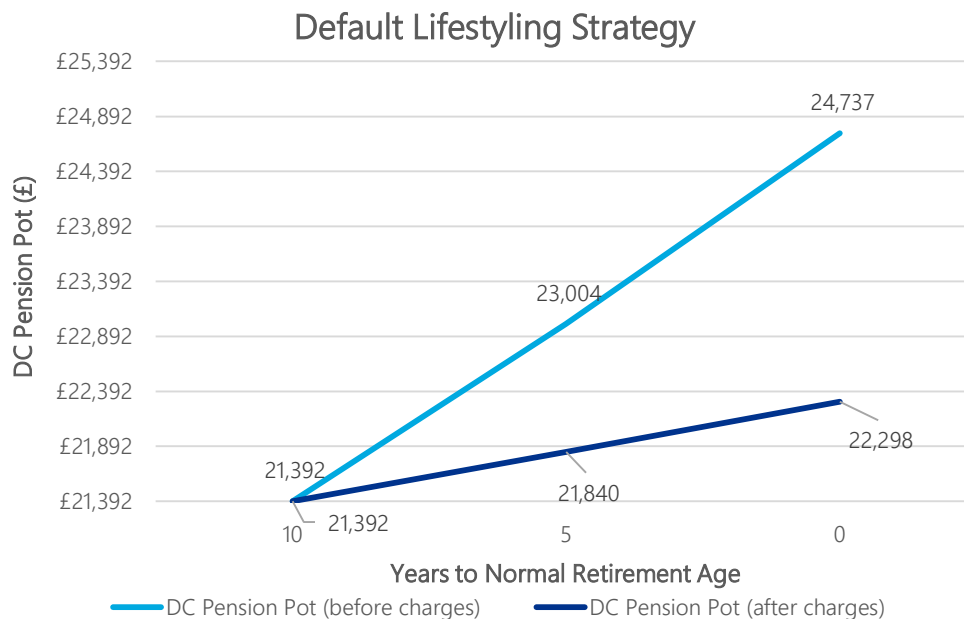
## 01.05 An illustration of the charges and transaction costs levied on members

Below you can find an illustration of the effect of the costs met by the average member on an example pension pot over time. This is for illustration only. The actual returns received are likely to differ over time as will the individual member's pension pot sizes.

This illustration is based on:

- > The 'Standard' investment option, which is 45% invested in the NPI Unitised With-Profit Fund and 55% invested in the Phoenix NPI Pens Managed. At 5 April 2023 all members were invested in this option;
- > Member is aged 55 (i.e. 10 years from the Normal Retirement Age of 65);
- > An average pension pot of £21,392;
- > No additional contributions;
- > Investment returns are estimated as 4.00% p.a. before inflation and charges;

Inflation of 2.5% p.a.



In preparing these illustrations, the Trustee has had regard to relevant guidance including:

- > The Department for Work and Pensions' 'Reporting of costs, charges, and other information: guidance for trustees and managers of relevant occupational schemes' – effective from 1 October 2021;
- > 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.
- > The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018

## 01.06 Value for Members ('VfM')

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The Trustee has reviewed 'Value for Members' considering the latest guidance from the Pensions Regulator and Department for Work & Pensions for relevant schemes. The Trustee has also taken advice from XPS Pensions on the VfM requirements and received a report from XPS Pensions in October 2023 considering whether the Scheme provides good value, which the Trustee reviewed in October 2023. The Trustee's assessment has included the consideration of the member borne costs and charges and the net returns for the Scheme's investment options (net of all costs and charges) against three alternative arrangements and having undertaken discussions with one comparator on accepting the benefits of the Plan should it be wound-up (as required by regulation). It has also considered Administration and Governance. The Trustee has concluded that the Scheme is not good value for members. The Trustee is in the process of a move towards winding-up the Scheme. As part of the process, the Trustee is planning to contact members directly to set out their benefit options, and how their members will be moved to an alternative arrangement. Should members have any queries on this in advance of that communication, XPS Administration (details in 01.01 of this report) would be happy to help should members contact them directly.

## 01.07 Knowledge and understanding (TKU) of the Trustee

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The Trustee is a corporate trustee and is also appointed to the Principal Employer's defined benefit pension arrangement. Therefore, the Trustee undertakes regular training on matters related to pensions in general, investment, governance, data protection and defined contribution pension matters.

During the period to 6 April 2023, the Trustee had not undertaken any DC specific training during meetings due to the focus in quarterly meetings on the planned wind-up of the Scheme. However, a material amount of general training has been taken by the Trustee in meetings on various matters including legislative, technical and investment including for example legal updates from Sackers.

The Trustee Directors believe they have the relevant knowledge and understanding that is required to meet s248 of the Pensions Act 2004. The Chair of Trustees is a professional Trustee. As part of professional practice standards, the Chair is required to undertake relevant ongoing training each year and to log this with the professional body and firm. The training comprises a mix of internal bespoke issues, external training and industry seminars, and assessed online education. This ensures that the Chair is aware of important upcoming developments in pensions obligations, so they can lead and support the Trustee board effectively. The Chair is able to assess through observation and review of meeting papers and minutes, whether the training has been effective on particular issues and use their experience to identify and address further gaps.

The Trustee has demonstrated the following key areas of TKU during the Scheme Year:

- i) a working knowledge of the Trust Deed and Rules of the Scheme – for example, by consulting the relevant documents regarding their specific application as needs arise;
- ii) a working knowledge of all documents setting out the Trustee's current policies – for example, the Trustee reviews its various policies as required and makes any updates when needed;
- iii) sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational pension schemes - for example, consideration of the investments held by the Scheme whilst drafting previous Chair Statements;
- iv) sufficient knowledge and understanding of pension and trust law - the Trustee takes advice from its professional advisors and undertakes relevant training.

The Trustee has an established training policy, whereby new Directors are provided with training and familiarisation with Scheme documentation which is underlined by a requirement to undertake the relevant modules of the Pension Regulators 'Toolkit' within 6 months of appointment.

The Trustee believes that through the Directors' combined knowledge and understanding, together with the advice available to them, this enables the appropriate exercise of its functions.

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## Conclusion

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The Chair and Trustee submit this Statement in compliance with the Chair's Statement requirements.

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Signature

Date 31 October 2023

**'It was approved and signed by the Chair on 31.10.2023'**

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Colin Richardson, Chair of Accolade Wines Pension Trustees Limited, as Trustee of the Matthew Clark Group Money Purchase Scheme

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