Ashfield Health Limited Pension Scheme (the "Scheme")

Annual Chair's Statement for the Scheme Year

This statement has been prepared by the Trustees of the Ashfield Health Limited Pension Scheme ("the Scheme") in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations ("the Regulations") 1996. It explains how the Trustees have met their obligations in relation to the management of the Scheme over the period 1 February 2024 to 31 January 2025 ("the Scheme Year").

The Scheme was established in 1984 and is set up in a different way to most current arrangements in the wider Defined Contribution ("DC") market. In some regards, it would be considered a legacy scheme. This means that when compared against a more modern DC arrangement, the Scheme does not offer members access to some of the features that are usually available, but on the other hand, unlike modern DC arrangements, the Scheme has the benefit of a potentially valuable guaranteed annuity option available at retirement. In line with the Occupational Pension Schemes (Administration, Investment, Charges and Governance Amendment) Regulations 2021 ("the 2021 Regulations"), the Trustees have assessed the extent to which they believe the Scheme provides Value for Members, the results of which are set out in this statement.

1. The Default Arrangement

Appended to this statement is a copy of the Scheme's latest Statement of Investment Principles ("SIP") which governs the Trustees' decisions about investments, including its aims, objectives and policies for the Scheme's default arrangement. In particular, the SIP covers the Trustees' investment policies on risk, return and ethical investing and how the default arrangement is intended to ensure that assets are invested in the best interests of members. This SIP was reviewed in July 2024 with this being in line with the requirement to review the SIP at least every three years (or after any significant change in investment policy).

Due to the nature of this legacy Scheme, on joining, members were placed in the Scheme's default and only investment arrangement available: the Scottish Mutual With-Profits fund. The Scottish Mutual With-Profits fund invests in a mix of higher risk assets such as company shares (equities) and property and lower risk assets such as fixed interest stocks (bonds or loans issued by governments or companies) and cash deposits.

Phoenix Life has full control over the investments that the With-Profits Fund invests in in order to reach a balance between increasing the value of investments and the need to meet the guarantees available under the policy (the nature of the guarantees are covered in more detail later in this Statement). The below asset mix (split into growth assets and fixed interest & cash assets) was correct as at 31 January 2025.

Trustees are required to disclose a breakdown of the asset allocation of the default investment strategy for the Scheme. The below table sets out the asset allocation of the default across the core asset classes noted as:

- Cash
- Bonds
- Listed Equities
- Private Equities
- Infrastructure
- Property
- Private debt
- Other (any assets which do not fall into the above)

Within the below table, the Trustees have provided a further breakdown within some of these broader categories.

Asset Class	Asset allocation (%)			
	25 year old	45 year old	55 year old	1 day prior to State pension age
Cash	0.3	0.3	0.3	0.3
Bonds	68.6	68.6	68.6	68.6
Fixed Interest Government bonds	*34.4*	*34.4*	*34.4*	*34.4*
Index-linked government bonds				
Investment grade bonds	*34.2*	*34.2*	*34.2*	*34.2*
Non-investment grade bonds				
Securitised credit				
Listed equities	20.5	20.5	20.5	20.5
UK equities	*n/a*	*n/a*	*n/a*	*n/a*
Developed Market equities	*n/a*	*n/a*	*n/a*	*n/a*
Emerging markets	*n/a*	*n/a*	*n/a*	*n/a*
Private equities				
Venture capital				
Growth equity				
Buyout / Leveraged funds				
Infrastructure				
Property	4.5	4.5	4.5	4.5
Private debt				
Other	6.1	6.1	6.1	6.1
Total	**100.0**	**100.0**	**100.0**	**100.0**

Note: Asset allocations based on fund holdings of the default strategy as at 31 January 2025. Totals may not sum to 100% due to rounding.

Members can access more information on the Scottish Mutual With-Profits fund on the Phoenix Life website: www.phoenixlife.co.uk

The aim of the Scottish Mutual With-Profits fund is to generate capital growth over the medium to long term (at least five years), with some stability against market volatility over the short term compared to investing directly in shares.

As part of the With-Profits investment, the Scheme provides benefits to members in the form of a Guaranteed Pension for those members who take their benefits between the ages of 60 and 65, to which Phoenix Life may add bonuses. This is discussed further in the 'Value for Member assessment' section below.

As With-Profits funds operate slightly differently to traditional unit-linked investment funds, please see below a summary setting out how they work:

Overview of With-Profits funds

- Contributions are pooled together and invested in the insurance company's With-Profits fund.
- The With-Profits fund is invested in a range of different types of investment, such as shares, property, bonds and cash.
- With most policies, the amount of growth on contributions depends mainly on the performance of the investments in the With-Profits fund.
- The costs of running the fund are deducted and what is left over (the profit) is available to be paid to the With-Profits investors. Investors receive a share of profits in the form of annual bonuses added to their policies. This is usually "smoothed" so that in years where investment returns are high, some is held back to allow bonuses to be paid in years where investment returns are low.
- A "terminal bonus" may also be payable when investors retire and it is designed to broadly reflect the actual performance of the fund over the period invested.
- Usually, once added, bonuses can't be taken away. But the insurance company can claw back some or all of the bonuses paid by making a Market Value Reduction (MVR) – or Market Value Adjustment (MVA) – to policies if they are surrendered early (i.e. if members transfer out of the fund or take their benefits early). This is most likely in times of adverse investment conditions like a stock market crash.
- The potential reductions (or enhancements) to funds are unique to each individual member's circumstance. It is therefore not possible to consider whether it is beneficial for members to transfer without considering the individual transfer values and also any applicable guarantees (like the guarantee mentioned previously) that could also be lost on transfer.

The Trustees last completed an investment review of the performance and strategy of the default arrangement in September 2023. This investment review highlighted a number of general concerns in relation to With-Profits investments and the poor long term performance of the With-Profits Fund.

2. Financial Transactions

The Trustees requested details of the service level agreements (SLA's) within which Phoenix Life commit to undertake administration tasks and performance against these targets. Phoenix Life are not aware of any reportable issues with respect to SLA's and not aware of any breaches or incidents in

2024, however noted they are not able to provide further details.

The Trustees continue to monitor the payment of contributions to Phoenix Life for those members that are still making contributions by checking the monthly payroll deductions and annually through the audit process of the Scheme's accounts.

The Trustees' annual Report and Accounts are also independently audited annually by the Scheme's appointed auditor, MHA Moore and Smalley.

3. Charges and Transaction costs

Each year, the Trustees request information on charges and member-borne transaction costs relating to the Scheme. Phoenix Life have confirmed that member charges were as follows over the Scheme Year:

- 1.03% Total Expense Ratio ("TER")

To put this into context, for a policy with a value of £20,000 then, during the Scheme Year, estimated charges of £206 would be deducted.

The member borne charges for the default arrangements were within the charge cap during the Scheme Year.

Manager	**Fund**	**Fees (% p.a.)**	**Transaction charges (% p.a.)**
Phoenix Life Limited	Scottish Mutual With-Profits Fund	1.03	0.06

Transaction charges

Following the regulations enforced from 6 April 2018 onwards, the Trustees are required to provide members with additional information in relation to investment charges and core transaction costs. This is in the interest of greater transparency of costs to members. These are required to be set out as example member illustrations that have been prepared with regard to the relevant statutory guidance: 'Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes'.

Transaction costs are defined as the costs incurred as a result of buying, selling, lending or borrowing investments. They are typically categorised as explicit costs and implicit costs. Examples of explicit costs include broker fees, transaction taxes and custody fees. Implicit costs cannot be observed in the same way but will also result in a reduction in the total amount of capital invested. Examples of implicit costs include bid-ask spreads and market impact.

Phoenix Life confirmed that transaction charges for the Scottish Mutual With-Profits Fund are 0.06% p.a. for the 2024-25 Scheme Year.

The illustration of the charges for Scheme members is set out and explained in the Appendix of this Chair's Statement.

4. Value for member assessment

As the Scheme has total assets of below £100m, under the 2021 Regulations, the Trustees are required to carry out a more detailed Value for Member assessment. This includes using three comparator schemes for the purpose of comparing the costs and charges and net performance returns of the Scheme with other larger DC schemes.

The comparator schemes chosen include a bundled DC arrangement and an unbundled DC arrangement, both with DC assets in excess of £100m. The third comparator is a Master Trust arrangement capable of taking on the benefits and assets of the Scheme.

The costs and charges and net investment returns of the Scheme and those of the comparator schemes chosen are set out in the Appendix to this Statement.

The Appendix highlights that higher charges are applied to members policies within the Scheme than the comparator schemes in terms of the Default Investment Strategy.

In addition, the net investment returns of the Default Investment Strategy of the Scheme are below the returns of the comparator schemes over the periods assessed.

Although the comparator schemes' defaults are not with-profits funds and so do not represent a true like for like comparison, on the basis of costs and charges and net investment returns alone, they suggest that the Scheme does not provide good value for members relative to the comparator schemes.

In addition, the Trustees are required to carry out a self-assessment of scheme governance and administration against certain criteria, which are prescribed in the 2021 Regulations. The Trustees' assessment of the Scheme's governance and administration against the areas prescribed in the 2021 Regulations does not change the position materially, suggesting that the Scheme does not provide good value for members on the whole relative to the comparator schemes.

Given the continued assessment of poor value for members, it has been decided to close and wind up the Scheme. Employee consultation commenced in March 2025 and it is anticipated that contributions will cease with effect from 31 October 2025. Members will be notified of the options available to them and it is anticipated that the Scheme will wind up during Q4 2025/Q1 2026.

5. Net Investment Returns

The Occupational Pension Schemes (Administration, Investment, Charges and Governance Amendment) Regulations 2021 introduced disclosure requirements for Trustees of DC pension schemes. From 1 October 2021, the Trustees are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. The Trustees calculated the return on investments, as far as they were able to do so.

Below are the annualised net investment returns to 31 January 2025 for the Phoenix Life Limited Scottish Mutual With-Profits Fund.

Ashfield Health Limited Pension Scheme (the "Scheme")	**Annualised net investment returns**		
Age of member at start of reporting period:	**1 year (%)**	**5 years (% p.a.)**	**10 years (% p.a.)**
Default Lifestyle - age 25	4.85	-0.03	2.31
Default Lifestyle - age 45	4.85	-0.03	2.31
Default Lifestyle - age 55	4.85	-0.03	2.31

Notes: The annualised net returns for the Scheme at 5 years and 10 years are based on the Total Expense Ratio and Transaction Costs for the Scheme Year. Annualised net returns do not account for potential Market Value Adjusters (MVAs) or Market Value Reductions (MVRs), which may be applied at the point of member exit and could reduce the actual value available to members depending on market conditions and the timing of their withdrawal.

6. Trustee Knowledge and Understanding (TKU)

The law requires the Trustees to possess sufficient knowledge and understanding to enable them to properly exercise their functions as a trustee including (in relation to a DC scheme) that they must be conversant with:

- The trust deed and rules of the scheme.
- The statement of investment principles.
- Any other scheme administration policies or scheme documents.

And must have appropriate knowledge and understanding of:

- The law relating to pensions and trusts.
- The principles relating to
  - The funding of occupational pension schemes.
  - Investment of the assets of such schemes.

The Trustees have undertaken the Pensions Regulator's Training Toolkit assessment.

Training was delivered to the two Trustees who joined during the Scheme year in July 2024. The Trustees also received regular training from their advisers on topical issues including pensions dashboard, the Pension Schemes Bill, strategic DC options and the abolition of the Lifetime Allowance.

Signed on behalf of the Trustees

Cliff McConkey

Cliff McConkey, Chair of Trustees

Date: 09/15/2025

Appendix 1 - Illustrations of the effect of costs and charges including comparison against three comparator Schemes

Background

The following pages contain illustrations about the cumulative effect of costs and charges on member savings within the Scheme over a period of time. The illustrations have been prepared with particular regard to statutory guidance.

As each member has a different amount of savings within the Scheme, and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustees have had to make a number of assumptions about what these might be. The assumptions are explained in the Notes section below the illustrations.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future. This means that the information contained in this Chair's Statement is not a substitute for the individual and personalised illustrations that are provided to members each year by the Scheme.

Key points to note

The charges shown in this Statement and illustrated on the next pages have always been in place. These are not new charges. The only difference is that the Trustees are required by legislation to demonstrate the effect of charges on member's investments. The Trustees work to improve the value obtained for these charges on behalf of members as set out earlier in this Statement.

Guarantees

As part of the Phoenix Life policy and investment in the Scottish Mutual With-Profits Fund, members are guaranteed a set level of annual income (known as a guaranteed deferred annuity), payable from age 65 if active members continue to pay contributions at a set rate until this age.

The guaranteed deferred annuity is confirmed in annual benefit statements received from Phoenix Life and will depend on:

- When members actually retire and start to access their pension
- The actual contributions made
- How much it costs to purchase a pension at retirement date.

The below illustrations show Cash Value available for transfer and do not cover details or value of any Scheme guarantees.

Illustrations

There is only one investment option available to members: the Scottish Mutual With-Profits fund. The chart below illustrates the potential impact that costs and charges might have on investment in this fund. The illustrations have been prepared having regard to statutory guidance and have all been prepared in-line with AS TM1 guidance.

In each of the illustrations, the "Before charges" column gives the hypothetical value of the investments if members were able to invest at no cost. However, there will always be some cost to investing. This is because the organisations that manage the funds charge fees for their services, and also because buying and selling the stocks and shares which drive the funds' performance also has a cost. The "After all costs and charges deducted" column reflects the performance of the fund after these costs have been deducted.

Regulatory guidelines typically require illustrating projections of a member's pension pot for the highest-cost, lowest-cost, highest-returning, and lowest-returning funds. However, there is only one fund available in the Scheme, and we have therefore only shown illustrations for the Scottish Mutual With-Profits Fund.

Illustration One - Youngest Active member

The table below sets out the projected pot size at age 65 for an active member currently aged 40 invested solely in the Scottish Mutual With-Profits fund. Please see the Notes below for more details of the projections.

Youngest Active Member - 40 years old		
Years	Phoenix Life Limited - Scottish Mutual With-Profits Fund	
	Before Charges (£)	After all charges + costs deducted (£)
1	45,877	45,391
3	51,874	50,312

5	58,052	55,272
10	74,327	67,845
15	91,859	80,669
20	110,747	93,750
25	131,094	107,092

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. Retirement is assumed to be at age 65.
3. The scheme is closed to new members.
4. The member in the above table is assumed to have a starting pot of £42,945 at age 40.
5. Inflation is assumed to be 2.5% each year.
6. Gross contributions for active members of £2,271 per annum are assumed from the start of the projection to retirement and are not assumed to increase. This is because member's contributions to the Scheme are fixed in £ terms.
7. Values shown are estimates and are not guaranteed.
8. The projected growth rates for the Scottish Mutual With-Profits fund are 4.0% above inflation.
9. The charges assumed are the current charges as shown in the Chair's Statement
10. The projected pension pot value does not account for potential Market Value Adjustments (MVA) or Reductions (MVR) applicable to the With-Profits fund.

Illustration Two - Median active member

The table below sets out the projected pot size at age 65 for a deferred member currently aged 54 invested solely in the Scottish Mutual With-Profits fund. Please see the Notes below for more details of the projections.

Median Active member - 54 years old		
	Phoenix Life Limited - Scottish Mutual With-Profits Fund	
Years	Before Charges (£)	After all charges + costs deducted (£)
1	205,529	203,311
3	217,831	210,951
5	230,506	218,652
11	270,873	242,123

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. Retirement is assumed to be at age 65.
3. The active member in the above table is assumed to have a starting pot of £199,514 at age 54.
4. Inflation is assumed to be 2.5% each year.
5. Gross contributions for active members of £3,000 per annum are assumed from the start of the projection to retirement and are not assumed to increase. This is because member's contributions to the Scheme are fixed in £ terms.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for the Scottish Mutual With-Profits fund are 4.0% above inflation.
8. The charges assumed are the current charges as shown in the Chair's Statement.
9. The projected pension pot value does not account for potential Market Value Adjustments (MVA) or Reductions (MVR) applicable to With-Profits fund.

Illustration Three – Deferred member

Deferred member - 48 years old		
	Phoenix Life Limited - Scottish Mutual With-Profits Fund	
Years	Before Charges (£)	After all charges + costs deducted (£)
1	21,292	21,077
3	28,026	27,269
5	34,963	33,509
10	53,238	49,329
17	81,219	72,008

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. Retirement is assumed to be at age 65.

3. The deferred member in the above table is assumed to have a starting pot of £18,000 at age 48.
4. Inflation is assumed to be 2.5% each year.
5. No contributions are assumed in the projection to retirement, and this is not assumed to change. This is because deferred members do not contribute to the Scheme.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates in relation to inflation for the Scottish Mutual With-Profits fund are 4.0% above inflation.
8. The charges assumed are the current charges as shown in the Chair's Statement.
9. Member assumptions for the deferred member have been taken from the previous year's Chair Statement and is consistent with the approach taken in previous years.
10. The projected pension pot value does not account for potential Market Value Adjustments (MVA) or Reductions (MVR) applicable to With-Profits fund.

Illustration four

The tables below set out the Scheme's costs and charges against three comparator schemes.

	Ashfield			**Comparator 1**		
	TER	**T-costs**	**Total Charges**	**TER**	**T-costs**	**Total Charges**
Default - age 65	1.03	0.06	1.09	0.22	0.03	0.25
Default - age 55	1.03	0.06	1.09	0.22	0.04	0.26
Default - age 45	1.03	0.06	1.09	0.22	0.04	0.26
Default - age 35	1.03	0.06	1.09	0.22	0.04	0.26

	Comparator 2			**Comparator 3**		
	TER	**T-costs**	**Total Charges**	**TER**	**T-costs**	**Total Charges**
Default - age 65	0.15	0.01	0.16	0.27	0.00	0.27
Default - age 55	0.15	0.02	0.17	0.22	0.10	0.32
Default - age 45	0.13	0.02	0.15	0.21	0.00	0.21
Default - age 35	0.13	0.02	0.15	0.21	0.00	0.21

Appendix 2 - Illustrations of the effect of annualised net investment returns against three comparator Schemes.

	Ashfield Annualised returns (%)		**Comparator 1 Annualised returns (%)**		**Comparator 2 Annualised returns (%)**		**Comparator 3 Annualised returns (%)**	
	1 year	**5 years**	**1 year**	**5 years**	**1 year**	**5 years**	**1 year**	**5 years**
Default Lifestyle - age 25	4.9	0.0	18.2	10.0	15.8	9.5	10.5	4.9
Default Lifestyle - age 45	4.9	0.0	18.2	10.0	15.8	9.5	10.5	5.0
Default Lifestyle - age 55	4.9	0.0	14.0	6.3	13.6	6.9	9.9	4.5

Notes

- The annualised net returns for the Scheme at 5 years are based on the Total Expense Ratio and Transaction Costs for the Scheme Year.
- The annualised net returns for the Scheme and its three benchmark comparators are calculated using data as of 31 December 2024. Whilst the scheme year end is 31 January 2025, for comparison against other schemes, which are dated to 31 December 2024, we have used comparable dates.
- Given the Scheme's single-fund structure and absence of self-select options, self-select funds have been excluded from the performance comparators in this illustration.