



St. Modwen Pension Scheme

October 2024

Annual Governance Statement for the year ending 5 April 2024
Defined Contribution Section



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INTRODUCTION

This statement sets out how the Defined Contribution (“DC”) Section of the St. Modwen Pension Scheme (“the Scheme”) has complied with the DC governance requirements introduced in April 2015 under Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, between 6th April 2023 and 5th April 2024 (the ‘Scheme Year’).

This Statement is published each year by the Trustee on a publicly available website, at the below link. The members are notified of that link each year in the Annual Benefit Statements.

<https://www.dalriadatrustees.co.uk/scheme/st-modwen-pension-scheme/>

In preparing this Statement, information has been gathered from the following organisations:

- Legal & General Assurance Society Limited (“L&G”); and
- Barnet Waddingham LLP (“BW”).

The investment and administration of the DC Section of the Scheme is structured as an insurance policy with L&G, known as the WorkSave Pension Trust. L&G also provide bespoke member communications and access to a range of online member facilities.

BW is the Trustee’s Investment Adviser.

The Scheme is used by St Modwen Properties Limited in compliance with its Automatic-Enrolment requirements under the Pensions Act 2008.

In preparing this Statement, consideration has also been given to the Pensions Regulator’s ‘A quick guide to the chair’s statement’ and to the Department for Work and Pensions guide on ‘Reporting of costs, charges and other information’, both published in September 2018. A copy of the Scheme’s latest Statement of Investment Principles (“SIP”) can be found at <https://www.dalriadatrustees.co.uk/scheme/st-modwen-pension-scheme/> for your information. Please note this latest SIP was updated in January 2023.

During the year the Scheme was governed by a Trustee Company, St. Modwen Pensions Limited (Company number 00878604), whose directors were Mr Raymond Hill, Mr Alastair Budd, Mr Richard Edwards and Dalriada Trustees Limited (“Dalriada”) – an independent, professional trustee company. With effect from 25 April 2023, Dalriada became the sole Trustee to the Scheme.

DEFAULT ARRANGEMENT

A ‘Default investment arrangement’ is one which is designed for and offered to members of the Scheme who do not choose an alternative investment option themselves and into which the contributions for these members are invested.

As outlined in the 2019 Annual Governance Statement, the Trustee and its advisors, BW, completed a full review of the suitability of the Default investment arrangement in 2018 and the new Default investment arrangement was implemented in July 2019.

This section of the Annual Governance Statement is intended to outline the Scheme’s Default investment arrangement after this change.

Description of Default Investment Arrangement

The 2018 Default investment review concluded with the decision to implement the ‘Pathway Journey Plan 2’ as the Scheme’s new Default arrangement, provided by Legal and General Investment Management Ltd (“LGIM”). The ‘Pathway

Journey Plan 2' investment arrangement is designed for and offered to members of the Scheme who do not choose an alternative investment option and are undecided about their retirement approach.

When deciding upon the design of the Default investment arrangement, the Trustee took into account the fact that most members do not make active investment decisions and therefore most members will be invested in the default investment arrangement, which aims to provide an investment solution that represents good value and secures good outcomes for members over the long-term. As at 31st March 2024, 90.51% of members were invested in the Scheme's default investment arrangement.

L&G's Pathway funds, including the 'Pathway Journey Plan 2' are constructed from a range of Target Date Funds ("TDF"). TDFs mix several different types of investments, which gradually get more conservative over time as members near their selected retirement date.

There are four investment phases; 'growth', 'steady growth', 'preparing for retirement' and 'retirement', depending on how close the member is to retirement. Over time, as the member's pension fund moves through the four phases, the proportion of riskier investments, such as equities, is decreased and the proportion of less risky investments, such as government and corporate bonds, is increased.

L&G's Pathway funds are put together using a range of TDFs which target 5-year 'windows', rather than a specific date. The Trustee believes this approach is more suitable as only few members will know exactly when they expect to retire. However, members should ensure that their selected retirement date is as accurate as possible as this will in turn ensure that the most appropriate TDF is selected.

In comparison to the previous Default investment arrangement, the mechanics of the 'Pathway Journey Plan 2' are more tailored and specific to how members intend to access their pension savings.

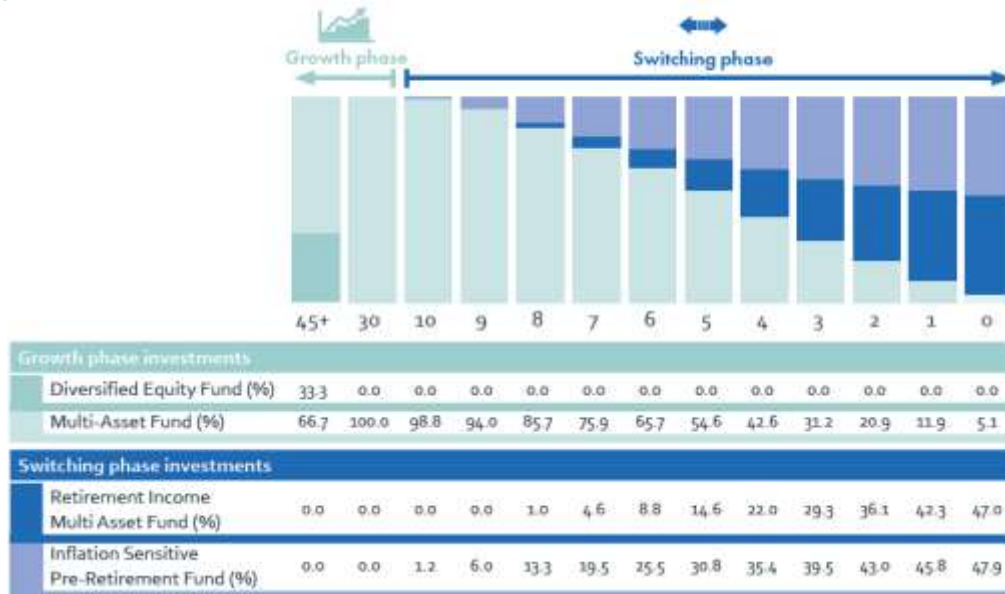
The 'Pathway Journey Plan 2' is not an investment fund, it is a pre-designed process (also referred to as an investment arrangement or strategy) that invests in a number of L&G funds which automatically change overtime to achieve the target outcome. The target outcome for the Pathways Journey Plan 2 process is for members to take some tax-free cash and income directly from their pension fund and keep the rest invested, i.e., via an income drawdown arrangement.

The 'Pathway Journey Plan 2' process invests in L&G's Generation 3 funds, e.g., L&G PMC 2035 - 2040 Pathway Fund 3. When reviewing L&G's fund list and Transaction Costs, the relevant funds for the 'Pathways Journey Plan 2' process are L&G's Generation 3 funds.

As detailed last year, the Trustee concluded that the 'Pathway Journey Plan 2' is likely to suit most members' needs. This option offers flexibility and is especially suitable for those members who are undecided about how and when they plan to retire. This Journey Plan is most suitable for members who wish to take some tax-free cash and income directly from their pension fund and keep the rest invested, i.e., via an income drawdown.

The chart overleaf illustrates how the 'Pathway Journey Plan 2' fund's investment mix changes, gradually to be more conservative over time, by moving from the growth phase investments to the switching phase investments, as members near their selected retirement date.

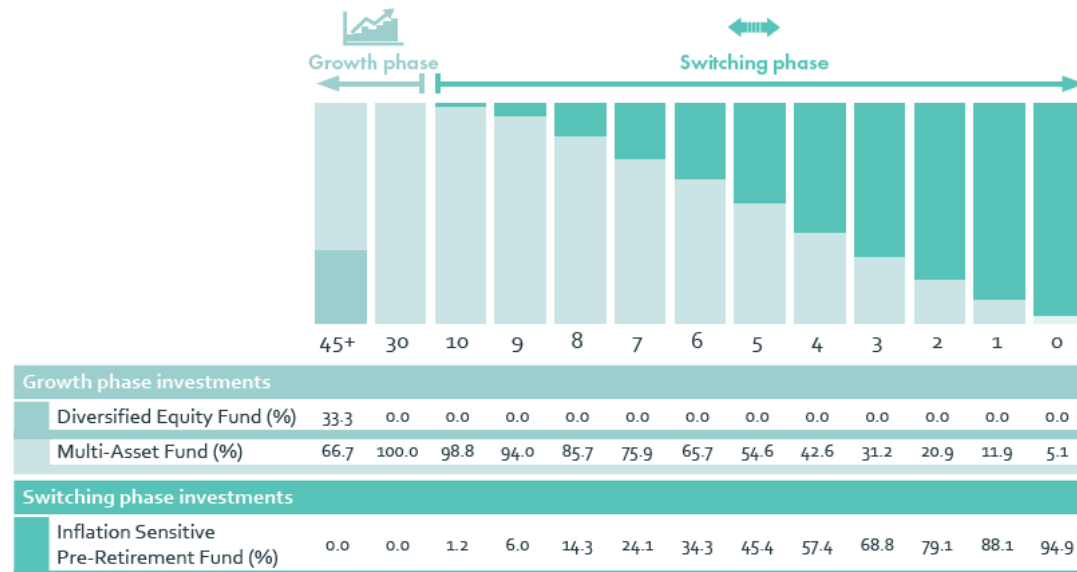
Pathway Journey Plan 2 – Income Drawdown (Default)



Although the 'Pathway Journey Plan 2' fund is the Scheme's Default fund, members are able to invest in L&G's other Pathways funds:

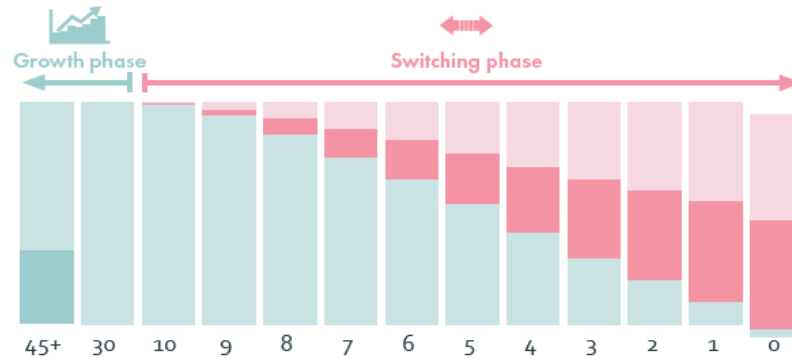
Pathway Journey Plan 1 - Annuity

The Pathway Journey Plan 1 fund is an option designed for members who plan to use 25% of their pension savings for a tax-free cash sum and the balance to buy a guaranteed income for life (or annuity). Again, the pathway gradually switches the investment to be more conservative over time, as members near their selected retirement date, but targets the outcome of the member's fund then being used to purchase a guaranteed income for life, rather than drawing income directly from their pension fund and keeping the rest invested.



Pathway Journey Plan 4 - Cash

Pathway Journey Plan 4 is designed for members who plan to take all their pension savings as a single cash lump sum at, or close to their retirement. Again, the pathway gradually switches the investment to be more conservative over time, as members near their selected retirement date but targets the outcome of the member's entire fund then being paid as a cash lump sum, rather than being used to purchase a guaranteed income for life or drawing income directly from their pension fund and keeping the rest invested. If taking this option please remember only 25% of the fund is tax free, the remaining 75% is taxable.



Growth phase investments		45+	30	10	9	8	7	6	5	4	3	2	1	0
Diversified Equity Fund (%)		33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multi-Asset Fund (%)		66.7	100.0	98.8	94.0	85.7	75.9	65.7	54.6	42.6	31.2	20.9	11.9	5.1
Switching phase investments		45+	30	10	9	8	7	6	5	4	3	2	1	0
Short-Dated Credit Fund (%)		0.0	0.0	0.6	3.0	7.2	12.1	17.2	22.7	28.7	34.4	39.6	44.1	47.5
Sterling Liquidity Fund (%)		0.0	0.0	0.6	3.0	7.1	12.0	17.1	22.7	28.7	34.4	39.5	44.0	47.4

Self-select Funds

The full list of self-select funds available to St Modwen members, including the charging information and transaction costs is provided on page 9 of this statement.

Review of Strategy and Performance of Default Arrangement

The Trustee monitors the investment performance of the Default investment arrangement at every DC focused meeting (at least twice a year) to ensure that investment returns (after the deduction of any charges) are consistent with the aims and objectives of the default arrangement and to check that it remains appropriate given the Scheme's membership. This is supported by the quarterly reports provided by BW and recorded in the minutes of the Trustee's meetings.

At least every 3 years and without delay after any significant change in investment policy or demographic of membership, the Trustee carries out a formal strategic review of the default arrangement. The strategy of the default arrangement was not reviewed during this Scheme Year. The last full review of the performance and strategy of the default arrangement was completed in March 2022. Having considered the outcome of that review, the Trustee was supportive of its conclusions that no changes in respect of the Scheme's default investment strategy were required, as it remained appropriate and fit for purpose.

Statement of Investment Principles

The Statement of Investment Principles ("SIP") governs decisions about investments and explains the aims and objectives of the Trustee, which are intended to ensure that the money held in the Scheme is invested in the best interests of members and beneficiaries. It also describes the strategy and objectives for the default arrangement and the self-select funds. The SIP can be found online at <https://www.dalriadatrustees.co.uk/scheme/st-modwen-pension-scheme/> The SIP

has been prepared in accordance with the Pensions Act 1995 and The Occupational Pension Schemes (Investment) Regulations 2005.

Self-Select Funds

As part of the 2018 investment review the Trustee conducted a member survey and considered the responses received alongside analysis of the evolution of the behaviours of DC members as reflected in the market data available from the Association of British Insurers, as well as BW membership segmentation and analysis of the Scheme's data. From this, the Trustee, having received advice from BW, devised a self-select fund list for Scheme members, recognising that no single default investment strategy can be designed to suit the needs of all Scheme members.

The Trustee monitors the performance of the self-select funds, in which the members invest, at each meeting, supported by the L&G quarterly governance reports and investment advice from BW.

CORE FINANCIAL TRANSACTIONS

The Trustee has a duty to ensure that "core financial transactions" relating to the Scheme are processed promptly and accurately, and that the controls in place are reported to members.

Core financial transactions include, but are not limited to:

- Investment of contributions;
- Transfer of member assets into and out of the Scheme;
- Transfers between different investments within the Scheme; and
- Payments to and in respect of members and beneficiaries.

The Trustee has, in accordance with its powers under the rules of the Scheme, delegated the day to day administration of the Scheme, including the processing of core financial transactions, to the Scheme administrator, L&G. During the reporting period, the following arrangements have been made to ensure that core financial transactions are processed promptly and accurately:

- Investment fund administration and custody of assets is undertaken by L&G;
- The Trustee has in place with the Scheme's administrators and investment managers a Service Level Agreement which includes relevant key performance indicators (KPIs) regarding the accuracy and timescales for processing core financial transactions;
- The Trustee receives quarterly governance reports from the Scheme's administrators which set out the administrators' performance against the KPIs in the service level agreement, including in relation to accuracy and timeliness of processing;
- The reports also note any errors identified by the administrators in relation to the processing of core financial transactions, together with the steps taken to rectify those errors and any changes to the administrators' processes which have been implemented to ensure that there is no repetition of such errors;
- The governance reports also monitor the timely receipt of contributions;
- The Trustee regularly reviews the L&G quarterly governance reports.

Service Level Agreements

The Trustee has a contract with the Scheme administrator and has agreed the service level standards set out in the table below. Breaches of these standards are reported to the Trustee:

Core financial transaction	Length of time to process
Processing Joiner Files	24 hours
Investing Contributions	24 hours
Processing Investment Switches	24 hours
Processing Lump Sum Payments	5 working days
Processing Transfers Out	5 working days

The overall service level target is to complete 95% of all tasks within the above timescales.

The Trustee receives quarterly Governance Reports from the Scheme administrator, which report on the administration of the Scheme over the reporting period, including details of the core financial transactions over the period. The Trustee reviews these reports and investigates any errors or delays, to decide if any action is required e.g., the Trustee would ask for explanation of the breach, details of what caused the breach and the controls put in place to stop it re-occurring.

The results detailed within the most recent Governance Report for the Scheme are provided on pages 20 and 21 of this statement.

The Trustee is satisfied that the Scheme's core financial transactions were processed promptly and accurately during the reporting period.

Independent Audit

The Trustee has appointed an independent auditor, Cooper Parry Group Ltd, to carry out an audit of a sample of the Scheme's transactions. This includes the core financial transactions that have taken place during the Scheme year. The auditor has also carried out some sample checking of the investment switching in the default fund to ensure that switching occurs as intended.

The Trustee's Assessment of Core Financial Transactions

Overall, the monitoring and reporting activities undertaken, along with the independent sources of assurance (e.g., the audited Scheme accounts) allow the Trustee to be confident that the core financial transactions were processed promptly and accurately during the Scheme Year.

Additional Disclosures

L&G also perform daily bank reconciliations for all Scheme bank accounts. The purposes of these reconciliations is to ensure that all transactions processed through the bank accounts (money in and out) can be accounted for. Any transactions which cannot be accounted for are investigated and corrected if required.

CHARGES AND TRANSACTION COSTS

The Trustee has a duty to tell members about the member borne charges and transactions costs for the investments used in the default arrangement and the self-select funds, and to assess the extent to which these charges and costs represent good value for money for members.

In this context, "charges" means (subject to some specific exceptions, such as charges relating to pension sharing orders) all administration charges other than transaction costs.

Default arrangement:

Members invested in the Pathways options (in any of the three Journey Plans) pay an ongoing annual fee of 0.19% on their invested funds.

Self-select funds:

The below table sets out the level of charges (%) applicable to the range of self-select funds:

Fund	Fund Management Charge % p.a.	Annual Management Charge % p.a.*	Additional Annual Expenses e.g. custodian, legal, accounting costs % p.a.	Total Expense Ratio i.e. the total charge %p.a.
L&G PMC Global Equity Market Weights 30:70 Index 3	0.14	0.2	0	0.34
L&G PMC Over 15 Year Gilts Index 3	0.08	0.2	0	0.28
L&G PMC UK Equity Index 3	0.10	0.2	0	0.30
L&G PMC Over 5 Year Index Linked Gilts Index 3	0.08	0.2	0	0.28
L&G PMC World (Ex-UK) Equity Index 3	0.12	0.2	0	0.32
L&G PMC Cash 3	0.10	0.2	0	0.30
L&G PMC World Emerging Markets Equity Index 3	0.25	0.2	0	0.45
L&G PMC Diversified 3	0.13	0.2	0	0.33
L&G PMC M&G PP All Stocks Corporate Bond 3	0.36	0.2	0	0.56
L&G PMC Multi-Asset 3	0.13	0.2	0	0.33
L&G Retirement Income Multi-Asset Fund	0.31	0.2	0	0.51
L&G PMC Sustainable Property 3	1.09	0.2	0	1.29
L&G PMC BMO Responsible Global Equity Fund	0.85	0.2	0	1.05

*There is no Annual Management Charge for active non-casual employees as this is met directly by the Employer. The remaining categories of members are subject to an Annual Management Charge levied by L&G of 0.20% per annum. This is a reduced rate negotiated as part of the 2018 review of the Default arrangement. For active non-casual employees, the Total Expense Ratio is therefore 0.2% p.a. less than in the table above.

Transaction Costs

The charges referred to above do not include transaction costs. These are costs which fund managers incur when buying, selling, borrowing or lending the assets that make up the investment funds. In addition, investment and disinvestment costs are paid when members buy and sell funds. These costs are paid by members.

Due to the way in which transaction costs have been calculated, it is possible for figures to be negative; since transaction costs are unlikely to be negative over the long term, the Trustee has shown any negative figure as zero.

Further detailed information regarding member-borne transaction costs is available from **Appendix 2**.

Illustration of Costs and Charges Over Time

To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the membership and investment options.

Parameters used for the illustrations:

- The membership of the DC Section and the investment options offered were analysed in determining the parameters to be used.
- Pot size: pot sizes of £3,000, £8,000 and £19,000 have been used; these represent the 25th percentile, the median and the 75th percentile of pot values (rounded to the nearest £500) of DC Section members as at 5 April 2024.
- Active members and deferred members: illustrations have been provided for active members assuming total regular contributions of 10% of pensionable salary, and for deferred members assuming no future contributions.
- Pensionable salary: a starting pensionable salary of £56,000 p.a. has been used for the illustrations that represent active DC Section members. Pensionable salary is assumed to grow at 2.5% per year.
- Investment options: the investment options selected for the illustrations include the default number of members, the highest charged fund, and the lowest charged fund.

Investment option	Rationale for inclusion	Assumed return above inflation*	TER [1]. [2]	Transaction cost to 31 March 2024 [3]	Aggregated transaction costs [3]
L&G PMC 2065-2070 Target Date Fund 3	Default option	0.20% - 1.40% *	0.15% (Actives) 0.35% (Deferreds)	0.06%	0.09%
L&G PMC Sustainable Property Fund 3	Highest overall charge	4.50%	1.32% (Actives) 1.52% (Deferreds)	0.00%	-0.07%
L&G PMC Over 15 Year Gilts Index 3	Lowest overall charge	2.50%	0.08% (Actives) 0.28% (Deferreds)	0.19%	0.06%

* The assumed return data for the Target Date fund shows a range that reflects that the asset allocation of these funds (and thus the assumed return) will change over time.

[1] The quoted TER has been sourced from Legal & General and consists of the Annual Management Charge (AMC) and any additional fund expenses (AE).

[2] The Company pay the Annual Management Charge of 0.20% for active members of the DC Section of the Scheme.

[3] In certain circumstances the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market activity pushes the price of the asset being traded down, whilst the transaction was in progress. This can result in the asset being purchased for a lower price than

when the trade was initiated. Where transaction costs are shown as a negative figure, we have assumed these to be zero when considering the funds to be used for the illustrations and when producing the illustrations themselves.

- Timeframe: The period of membership assumed must, at a minimum, reflect the approximate timeframe that the youngest member could be enrolled into the Scheme until Normal Retirement Age (NRA). The youngest Scheme member is age 18. As the NRA of the Plan is 65 we have used a maximum timeframe of 46 years for consistency and to ensure the DWP's requirement is met.

Guidance to the illustrations:

- For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.
- Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year.
- Values shown are estimates and not guaranteed.
- The starting date for the illustrations is 5 April 2024.
- The illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

L&G PMC 2065-2070 Pathway Fund 3

This is part of the default strategy for the DC Section and the most popular choice by number of members.

Illustration basis	Years of membership	Starting pot size £3,000		Starting pot size £8,000		Starting pot size £19,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member	0	£3,000	£3,000	£8,000	£8,000	£19,000	£19,000
	5	£30,964	£30,766	£36,042	£35,785	£47,215	£46,829
	10	£60,256	£59,519	£65,515	£64,658	£77,086	£75,962
	15	£91,855	£90,193	£97,392	£95,540	£109,573	£107,304
	20	£126,717	£123,670	£132,631	£129,316	£145,643	£141,737
	25	£164,226	£159,280	£170,556	£165,254	£184,480	£178,394
	30	£204,368	£196,953	£211,142	£203,272	£226,043	£217,174
	35	£247,327	£236,807	£254,576	£243,492	£270,524	£258,198
	40	£293,301	£278,969	£301,059	£286,041	£318,126	£301,599
	45	£342,502	£323,572	£350,804	£331,054	£369,069	£347,513
46	£352,749	£332,798	£361,165	£340,364	£379,679	£357,010	
Starting pensionable Salary: £56,000	0	£3,000	£3,000	£8,000	£8,000	£19,000	£19,000
	5	£3,047	£2,983	£8,126	£7,953	£19,298	£18,889
	10	£3,156	£3,024	£8,415	£8,063	£19,986	£19,149
	15	£3,322	£3,116	£8,859	£8,310	£21,041	£19,736
	20	£3,549	£3,259	£9,463	£8,690	£22,474	£20,638
	25	£3,798	£3,414	£10,127	£9,105	£24,051	£21,623
	30	£4,064	£3,577	£10,838	£9,539	£25,739	£22,656
	35	£4,349	£3,748	£11,598	£9,995	£27,546	£23,737
	40	£4,655	£3,927	£12,412	£10,472	£29,479	£24,870
	45	£4,981	£4,114	£13,283	£10,972	£31,548	£26,058
46	£5,049	£4,153	£13,465	£11,074	£31,979	£26,302	
Contribution level: 10%	0	£3,000	£3,000	£8,000	£8,000	£19,000	£19,000
	5	£3,047	£2,983	£8,126	£7,953	£19,298	£18,889
	10	£3,156	£3,024	£8,415	£8,063	£19,986	£19,149
	15	£3,322	£3,116	£8,859	£8,310	£21,041	£19,736
	20	£3,549	£3,259	£9,463	£8,690	£22,474	£20,638
	25	£3,798	£3,414	£10,127	£9,105	£24,051	£21,623
	30	£4,064	£3,577	£10,838	£9,539	£25,739	£22,656
	35	£4,349	£3,748	£11,598	£9,995	£27,546	£23,737
	40	£4,655	£3,927	£12,412	£10,472	£29,479	£24,870
	45	£4,981	£4,114	£13,283	£10,972	£31,548	£26,058
46	£5,049	£4,153	£13,465	£11,074	£31,979	£26,302	
Contribution level: 0%	0	£3,000	£3,000	£8,000	£8,000	£19,000	£19,000
	5	£3,047	£2,983	£8,126	£7,953	£19,298	£18,889
	10	£3,156	£3,024	£8,415	£8,063	£19,986	£19,149
	15	£3,322	£3,116	£8,859	£8,310	£21,041	£19,736
	20	£3,549	£3,259	£9,463	£8,690	£22,474	£20,638
	25	£3,798	£3,414	£10,127	£9,105	£24,051	£21,623
	30	£4,064	£3,577	£10,838	£9,539	£25,739	£22,656
	35	£4,349	£3,748	£11,598	£9,995	£27,546	£23,737
	40	£4,655	£3,927	£12,412	£10,472	£29,479	£24,870
	45	£4,981	£4,114	£13,283	£10,972	£31,548	£26,058
46	£5,049	£4,153	£13,465	£11,074	£31,979	£26,302	

Note on how to read this table: If an active member had £8,000 invested in this option on 5 April 2024, when they came to retire in 46 years, the savings pot could be worth £361,165 if no charges are applied but £340,364 with charges applied.

L&G PMC Over 15 Year Gilts Index 3

This is the lowest cost fund used by members.

Illustration basis	Years of membership	Starting pot size £3,000		Starting pot size £8,000		Starting pot size £19,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member	0	£3,000	£3,000	£8,000	£8,000	£19,000	£19,000
	5	£32,775	£32,687	£38,415	£38,301	£50,824	£50,447
	10	£66,363	£66,016	£72,725	£72,318	£50,824	£50,650
	15	£104,251	£103,434	£111,428	£110,509	£86,722	£86,183
	20	£146,991	£145,441	£155,087	£153,384	£127,218	£126,074
	25	£195,203	£192,601	£204,336	£201,519	£172,898	£170,858
	30	£249,589	£245,547	£259,892	£255,558	£224,428	£221,136
	35	£310,939	£304,987	£322,561	£316,226	£282,557	£277,582
	40	£380,145	£371,718	£393,254	£384,336	£348,128	£340,952
	45	£458,212	£446,636	£473,000	£460,801	£422,095	£412,095
46	£474,986	£462,688	£490,135	£477,185	£505,534	£491,965	
Starting pensionable Salary: £56,000	0	£3,000	£3,000	£8,000	£8,000	£19,000	£19,000
	5	£3,384	£3,336	£9,024	£8,896	£21,433	£21,128
	10	£3,817	£3,710	£10,180	£9,892	£24,177	£23,495
	15	£4,306	£4,125	£11,483	£11,000	£27,273	£26,126
	20	£4,858	£4,587	£12,954	£12,233	£30,765	£29,052
	25	£5,480	£5,101	£14,613	£13,603	£34,705	£32,306
	30	£6,181	£5,672	£16,484	£15,126	£39,149	£35,925
	35	£6,973	£6,308	£18,594	£16,821	£44,161	£39,949
	40	£7,866	£7,014	£20,975	£18,705	£49,816	£44,423
	45	£8,873	£7,800	£23,661	£20,800	£56,195	£49,399
46	£9,089	£7,967	£24,238	£21,246	£57,566	£50,459	
Deferred member	0	£3,000	£3,000	£8,000	£8,000	£19,000	£19,000
	5	£3,384	£3,336	£9,024	£8,896	£21,433	£21,128
	10	£3,817	£3,710	£10,180	£9,892	£24,177	£23,495
	15	£4,306	£4,125	£11,483	£11,000	£27,273	£26,126
	20	£4,858	£4,587	£12,954	£12,233	£30,765	£29,052
	25	£5,480	£5,101	£14,613	£13,603	£34,705	£32,306
	30	£6,181	£5,672	£16,484	£15,126	£39,149	£35,925
	35	£6,973	£6,308	£18,594	£16,821	£44,161	£39,949
	40	£7,866	£7,014	£20,975	£18,705	£49,816	£44,423
	45	£8,873	£7,800	£23,661	£20,800	£56,195	£49,399
46	£9,089	£7,967	£24,238	£21,246	£57,566	£50,459	
Contribution level: 10%	0	£3,000	£3,000	£8,000	£8,000	£19,000	£19,000
	5	£3,384	£3,336	£9,024	£8,896	£21,433	£21,128
	10	£3,817	£3,710	£10,180	£9,892	£24,177	£23,495
	15	£4,306	£4,125	£11,483	£11,000	£27,273	£26,126
	20	£4,858	£4,587	£12,954	£12,233	£30,765	£29,052
	25	£5,480	£5,101	£14,613	£13,603	£34,705	£32,306
	30	£6,181	£5,672	£16,484	£15,126	£39,149	£35,925
	35	£6,973	£6,308	£18,594	£16,821	£44,161	£39,949
	40	£7,866	£7,014	£20,975	£18,705	£49,816	£44,423
	45	£8,873	£7,800	£23,661	£20,800	£56,195	£49,399
46	£9,089	£7,967	£24,238	£21,246	£57,566	£50,459	
Contribution level: 0%	0	£3,000	£3,000	£8,000	£8,000	£19,000	£19,000
	5	£3,384	£3,336	£9,024	£8,896	£21,433	£21,128
	10	£3,817	£3,710	£10,180	£9,892	£24,177	£23,495
	15	£4,306	£4,125	£11,483	£11,000	£27,273	£26,126
	20	£4,858	£4,587	£12,954	£12,233	£30,765	£29,052
	25	£5,480	£5,101	£14,613	£13,603	£34,705	£32,306
	30	£6,181	£5,672	£16,484	£15,126	£39,149	£35,925
	35	£6,973	£6,308	£18,594	£16,821	£44,161	£39,949
	40	£7,866	£7,014	£20,975	£18,705	£49,816	£44,423
	45	£8,873	£7,800	£23,661	£20,800	£56,195	£49,399
46	£9,089	£7,967	£24,238	£21,246	£57,566	£50,459	

Note on how to read this table: If an active member had £8,000 invested in this option on 5 April 2024, when they came to retire in 46 years, the savings pot could be worth £490,135 if no charges are applied, but £477,185 with charges applied.

L&G PMC Sustainable Property Fund 3

This is the fund within the DC Section with the highest charge.

Illustration basis	Years of membership	Starting pot size £3,000		Starting pot size £8,000		Starting pot size £19,000	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Active member	0	£3,000	£3,000	£8,000	£8,000	£19,000	£19,000
	5	£34,568	£33,437	£35,692	£35,638	£54,403	£52,139
	10	£73,702	£69,014	£73,868	£71,030	£98,290	£90,875
	15	£122,214	£110,600	£122,420	£112,956	£152,695	£136,153
	20	£182,353	£159,210	£182,608	£161,964	£220,138	£189,079
	25	£256,903	£216,029	£257,219	£219,249	£303,743	£250,943
	30	£349,320	£282,446	£349,712	£286,209	£407,385	£323,256
	35	£463,884	£360,079	£464,370	£364,478	£535,865	£407,782
	40	£605,904	£450,825	£606,506	£455,967	£695,136	£506,585
	45	£781,960	£556,897	£782,706	£562,907	£892,575	£622,074
Starting pensionable Salary: £56,000 Contribution level: 10%	46	£821,941	£580,171	£822,720	£586,371	£937,413	£647,415
	0	£3,000	£3,000	£8,000	£8,000	£19,000	£19,000
	5	£2,422	£2,268	£5,635	£5,506	£19,375	£18,141
	10	£2,933	£2,571	£6,567	£6,075	£23,463	£20,568
	15	£3,552	£2,915	£7,952	£6,888	£28,412	£23,321
	20	£4,301	£3,305	£9,630	£7,809	£34,406	£26,441
	25	£5,208	£3,747	£11,661	£8,854	£41,664	£29,979
	30	£6,307	£4,249	£14,121	£10,039	£50,454	£33,991
	35	£7,637	£4,817	£17,100	£11,382	£61,097	£38,539
	40	£9,248	£5,462	£20,708	£12,906	£73,986	£43,696
Deferred member Contribution level: 0%	45	£11,199	£6,193	£25,076	£14,632	£89,594	£49,543
	46	£12,090	£6,512	£27,072	£15,386	£96,723	£52,095

Note on how to read this table: If an active member had £8,000 invested in this option on 5 April 2024, when they came to retire in 46 years, the savings pot could be worth £822,720 if no charges are applied, but £586,371 with charges applied.

Net Investment Returns

The net investment returns have been prepared having regard to statutory guidance. It is important to note that past performance is not a guarantee of future performance.

The Trustee is required to assess the net returns for the Scheme on a relative basis, i.e., relative to the average net returns for three comparator schemes. The net returns for default arrangements should be compared with those for the defaults of the comparator schemes. In addition, the net returns for popular self-select funds should be compared with those for the nearest comparable funds in the comparator scheme (or, where there is no comparable fund, a comparator scheme's default). For any combination and tiered charging, the Trustee recognises the Scheme's demographics in arriving at the cost and charges for inclusion in the net returns comparison.

The Trustee has compared the average of annualised net returns over periods of 1, 3, 5 and 10 years (or such of these for which data is available) and that comparison is part of the overall Value for Members assessment. For lifestyle strategies and target date funds, the Trustee also recognises net returns for differing terms (10, 20 and 40 years) to retirement age. L&G PMC Global Equity Market Weights 30:70 Index 3 Fund and L&G PMC Multi-Asset 3 Fund represent the most popular self-select options in the Scheme.

Assessed Scheme's investment option	Weightings	Default / Self-Select	Assessed Scheme's net return*	Comparator's average net return*	Difference
L&G PMC Target Date Fund 3	90.5%	Default	6.62%	8.06%	-1.45%
L&G PMC Global Equity Market Weights 30:70 Index 3	5.5%	Self-Select	12.87%	12.71%	0.16%
L&G PMC Multi-Asset 3	3.9%	Self-Select	5.28%	7.59%	-2.31%
Overall (weighted average)			6.91%	8.30%	-1.392%

*Returns displayed are for the period 6 April 2023 to 5 April 2024

VALUE FOR MEMBERS (VFM)

Regulations require trustees to make an assessment of charges and transaction costs borne by members and the extent to which those charges and costs represent good 'Value for Members'.

Generally, trustees should assess the extent to which the charges and costs represent 'good value' during the Scheme Year, by considering the level of member borne charges against the benefits attributable to such charges and costs.

As for the previous Scheme Year and to comply with regulations, the Trustee has received an in-depth Value for Member assessment from BW, the Trustee's Investment Adviser.

In the report dated October 2023 BW state:

Administration and Governance	●	<i>We believe the Scheme provides good value for members, based on the administration and governance activities of the Trustee, its advisers and service providers.</i>
Costs and charges	●	<i>Giving greater weight to the default investment strategy, in which the large majority of assets are invested, costs and charges for the Scheme are significantly lower than the average for the comparator schemes for active members and closely comparable for deferred members. This is largely because active members of the Scheme only pay investment charges, whereas charges for deferreds and for the comparator schemes cover investment, administration, and communication services. We therefore conclude that the Scheme provides good value for members in relation to costs and charges.</i>
Net investment Returns	●	<i>Giving greater weight to the default investment strategy, in which the large majority of assets are invested, net returns for the Scheme are moderately lower with the average for the comparator schemes. The Trustee believes that the Scheme provides moderate value for members in relation to net investment returns. However, the Trustee is satisfied with the developments Legal & General are making to their proposition in this area.</i>
Overall	●	<i>Taking into account the factors above which we are required to include in the assessment, our overall assessment is that the Scheme provides good value for members.</i>

TRUSTEE KNOWLEDGE AND UNDERSTANDING (TKU)

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

As the Trustee is a Professional Trustee, this helps to ensure that there is a high level of trustee knowledge and understanding in place.

As the sole Trustee of the Scheme, Dalriada Trustees Limited will naturally be aware of any Scheme-specific changes to policies or documentation and will record and share that information appropriately. At the point of becoming a Trustee to the Scheme, a prescribed take on process was followed. This included an assimilation and review of all the relevant scheme documentation, including the Trust Deed and Rules.

Dalriada have appointed dedicated Trustee Representatives who have an in-depth knowledge of the Scheme and its governing documentation.

The Trustee's representatives are members of professional bodies, who are obliged to self evaluate on annual basis and comply with their respective training requirements in order to maintain a required level of continuing professional development (CPD) and to provide evidence of courses, seminars and other types of professional development to satisfy their respective professional bodies' CPD requirements. The process identifies where the Trustee's representatives can develop their knowledge and understanding, as well as where they can share their expertise in order to best support the Scheme. The Trustee's representatives attend both internal and external courses.

The Trustee's representatives are either accredited as Professional Trustees under the Association of Professional Pension Trustees framework or are currently undergoing the accreditation process.

Every Trustee Representative is required to undertake a minimum number of hours training in a year. This is recorded centrally by Dalriada's HR Team and, where appropriate, forms part of staff personal development plans. This training can include internal and external courses and attendance at industry events as well as a degree of self-learning by way of subscriptions to professional publications and electronic information channels.

Every Trustee Representative is required to complete the Pensions Regulator's Trustee Toolkit periodically and subscribes to the updates issued by the Pensions Regulator. During the reporting year the Toolkit was updated to incorporate a module on Pension Scams, which has been completed by the Dalriada Trustee representatives. The Trustee representatives also belong to Dalriada's knowledge management network which keeps them up to date with the industry thinking, as well as access to a team of in-house pensions experts who inform the team about changes to pensions legislation and practices.

The Trustee has access to Pendragon Perspective and Aries, both industry leading tools, giving access to pensions legislation and commentary on pension law and practice. The Trustee also has its own in-house legal specialists to provide support and guidance around legislation and the interpretation of Scheme documentation.

The Trustee has assessed the skill set and experience of each Trustee representative providing professional trusteeship to the Scheme since Dalriada's appointment, taking into account the development activities already mentioned, along

with the internal resources made available to staff, supplemented, where required, by professional external advice. The Trustee can therefore properly exercise its duties to the Scheme.

The Trustee believes that this Trustee Knowledge and Understanding framework, combined with appropriate advice, allows the Trustee to act properly in the best interest of members. The Trustee must be conversant with the Scheme’s own documentation, including the Trust Deed and Rules. The Trustee must also be conversant with any other document recording current policy relating to the Scheme generally. The Pensions Regulator interprets ‘conversant’ as having a working knowledge of those documents such that the Trustee is able to use them effectively when they are required to do so in the course of carrying out their duties on behalf of the Trustee.

This requirement has been met during the course of the Scheme year as the Trustee has undertaken ongoing training, both as a group and individually to keep abreast of relevant developments. During the year, the Trustee completed the following:

Requirement	How met
Trustees must have appropriate knowledge and understanding of the law relating to pensions and trusts and the funding and investment of the assets	Each Trustee Representative records their ongoing training in accordance with the Dalriada Learning & Development structure.
Trustees must be conversant with the Scheme’s own documentation including the Trust Deed and Rules, Statement of Investment Principles and current policies	Each Trustee Representative records their ongoing training in accordance with the Dalriada Learning & Development structure, which includes specific consideration of whether any further training is required in respect of these documents, and others e.g. the risk register, which is considered at every trustee meeting.
Knowledge and resources generally	Dalriada comprises individuals with diverse professional skills and experiences, reflecting the varied nature of the issues that may arise in respect of DC pensions.

The table above shows how these duties have been fulfilled and how the combined knowledge and understanding, together with the advice which is available to the Trustee enables them to properly exercise their duties and responsibilities.

Signed for and on behalf of Dalriada Trustees Limited as the Trustee of St. Modwen Pension Scheme:

LINKS TO FURTHER INFORMATION

Legislation

<http://www.legislation.gov.uk/ukxi/1996/1715/part/PARTV/chapter/CHAPTER1>

TPR Guidance

<https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/communications-and-reporting-detailed-guidance/6-communicating-and-reporting>

<https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/communications-and-reporting-detailed-guidance/6-communicating-and-reporting/a-quick-guide-to-the-chairs-statement>

<https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/communications-and-reporting-detailed-guidance/6-communicating-and-reporting/technical-appendix>

<https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/governing-body-detailed-guidance/5-value-for-members>

DWP Guidance

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/557888/charge-cap-guidance.pdf

<https://www.gov.uk/government/publications/reporting-costs-charges-and-other-information-guidance-for-trustees-and-managers-of-occupational-pension-schemes/a>

Statement of Investment Principles - <https://www.dalriadatrustees.co.uk/scheme/st-modwen-pension-scheme/>

Appendix 1 – Extract from L&G's Governance Report as at 31 March 2024

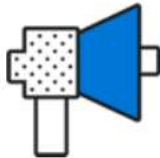
Appendix 1

Extract from L&G Governance Report

SLAs: 31 March 2024

Overview of Legal & General's overall performance for this quarter:

- Our strong service performance seen over the last 2 years, across all key processes, continued in Q1 2024, despite this being our peak period of activity.
- Our helpline service levels were maintained during a busy quarter, with members appreciating how quickly they could get through to us. Feedback received also shows continued endorsement of the HUMAN framework with helpline agents showing understanding and empathy.
- Member experience in the quarter saw us maintain strong Net Promoter Scores (NPS +47) and also Client Satisfaction (CSAT 83%) scores. This was our highest quarterly NPS to date, with February seeing us achieve our highest monthly NPS of +51.
- With increased pension consolidation in the market, our Transfer teams experienced higher than expected levels of demand, and this is anticipated to continue throughout the rest of 2024.
- Our Planning function continues to successfully support our Operations teams, including the Transfer teams, to ensure that we have the required resource in the right area at the right time by flexing resource where needed. We have also successfully delivered our Q1 2024 recruitment plan, with L&G seen as the employer of choice in Cardiff for financial service related jobs.
- The number of members choosing to 'opt in' to receive guidance from Pensions Wise, has increased again in Q1 with levels now between 15-17%.



100%

Welcome

100%

Help Me Grow



94.12%

Live With Me

95.45%

Pay Me



100%

Goodbye

Appendix 2

Charges in relation to the default investment arrangement and self-select options

- 1.1 Members bear charges deducted from the funds in which their DC benefits are invested. The charges differ between the investment funds available.
- 1.2 The TER applicable to the default investment arrangement is 0.15% for active members and 0.35% for deferred members
- 1.3 The company pays the 0.20% annual management charge (AMC) for active members regardless of the fund selection being the default or self-selected by the member. This differential in charges has been displayed in section 1.7

Additional transaction costs

- 1.4 In addition to the charges above, transaction costs are incurred in the day-to-day operation of the investment funds, e.g. in relation to an investment fund's trades and switching between investment funds. Transaction costs in particular will vary significantly depending on a fund's investment remit and on the market environment.
- 1.5 The Trustee approached LGIM to obtain details of any unreported costs incurred by members during the reporting period.
- 1.6 LGIM provided details of transaction costs incurred within the funds for the period 1 April 2023 to 31 March 2024. It should be noted that a positive figure is where the transaction costs have been a drag on the fund and a negative figure is where transaction costs have actually resulted in a gain. This may occur, for example, when buying an asset, the valuation price when placing the order might be higher than the actual price paid. This gain may offset other transaction costs resulting in a total negative transaction cost for the fund.

1.7

Investment fund	TER (%) Active (1+2)	TER (%) Deferred (1+2)	Transaction Costs (%) (3)
Overall Range	0.15	0.35	0.00 – 0.17
Default	Age 25	0.15	0.03
	Age 45	0.15	0.05
	Age 55	0.15	0.06
	1 Day before retirement	0.15	0.35

L&G PMC 2060 - 2065 Target Date Fund 3	0.15	0.35	0.06
L&G PMC 2020 - 2025 Target Date Fund 3	0.15	0.35	0.07
L&G PMC 2025 - 2030 Target Date Fund 3	0.15	0.35	0.05
L&G PMC 2030 - 2035 Target Date Fund 3	0.15	0.35	0.03
L&G PMC 2035 - 2040 Target Date Fund 3	0.15	0.35	0.05
L&G PMC 2040 - 2045 Target Date Fund 3	0.15	0.35	0.05
L&G PMC 2045 - 2050 Target Date Fund 3	0.15	0.35	0.06
L&G PMC 2050 - 2055 Target Date Fund 3	0.15	0.35	0.06
L&G PMC 2055 - 2060 Target Date Fund 3	0.15	0.35	0.06
L&G PMC 2065 - 2070 Target Date Fund 3	0.15	0.35	0.06
L&G PMC 2020 - 2025 Cash Target Date Fund 3	0.15	0.35	0.00
L&G PMC 2025 - 2030 Cash Target Date Fund 3	0.15	0.35	0.00
L&G PMC 2025 - 2030 Annuity Target Date Fund 3	0.15	0.35	0.00
L&G PMC 2030 - 2035 Annuity Target Date Fund 3	0.15	0.35	0.02
L&G PMC 2035 - 2040 Annuity Target Date Fund 3	0.15	0.35	0.05
L&G PMC 2040 - 2045 Annuity Target Date Fund 3	0.15	0.35	0.05
L&G PMC 2045 - 2050 Annuity Target Date Fund 3	0.15	0.35	0.05
L&G PMC 2050 - 2055 Annuity Target Date Fund 3	0.15	0.35	0.06

L&G PMC 2055 - 2060 Annuity Target Date Fund 3	0.15	0.35	0.06
L&G PMC 2060 - 2065 Annuity Target Date Fund 3	0.15	0.35	0.06
L&G PMC 2065 - 2070 Annuity Target Date Fund 3	0.15	0.35	0.06
L&G PMC 2030 - 2035 Cash Target Date Fund 3	0.15	0.35	0.02
L&G PMC 2035 - 2040 Cash Target Date Fund 3	0.15	0.35	0.05
L&G PMC 2040 - 2045 Cash Target Date Fund 3	0.15	0.35	0.05
L&G PMC 2045 - 2050 Cash Target Date Fund 3	0.15	0.35	0.05
L&G PMC 2050 - 2055 Cash Target Date Fund 3	0.15	0.35	0.06
L&G PMC 2055 - 2060 Cash Target Date Fund 3	0.15	0.35	0.06
L&G PMC 2060 - 2065 Cash Target Date Fund 3	0.15	0.35	0.06
L&G PMC CT Responsible Global Equity Fund 3	0.74	0.94	0.17
L&G PMC Sustainable Property Fund 3	1.32	1.52	0.00
L&G PMC M&G PP All Stocks Corporate Bond 3	0.37	0.57	0.15
L&G PMC Cash 3	0.09	0.29	0.00
L&G PMC UK Equity Index 3	0.10	0.30	0.00
L&G PMC Over 15 Year Gilts Index 3	0.08	0.28	0.00
L&G PMC Over 5 Year Index Linked Gilts Index 3	0.08	0.28	0.04

L&G PMC World (Ex-UK) Equity Index 3	0.12	0.32	0.02
L&G PMC World Emerging Markets Equity Index 3	0.26	0.46	0.11
L&G PMC Global Equity Market Weights 30:70 Idx 3	0.14	0.34	0.06
L&G PMC Multi-Asset 3	0.13	0.33	0.02
L&G PMC Diversified 3	0.30	0.50	0.00

Signature: 
Marcin Balawender (Oct 29, 2024 12:39 GMT)

Email: marcin_balawender@dalriadatrustees.co.uk

20240405 St. Modwen - AGS - Signed

Final Audit Report

2024-10-29

Created:	2024-10-29
By:	Sean O'Donoghue (sean_odonoghue@dalriadatrustees.co.uk)
Status:	Signed
Transaction ID:	CBJCHBCAABAAA2Ikh816L6no7D_NiRpUqL9-klm1foyc

"20240405 St. Modwen - AGS - Signed" History

-  Document created by Sean O'Donoghue (sean_odonoghue@dalriadatrustees.co.uk)
2024-10-29 - 12:22:30 GMT - IP address: 87.81.79.6
-  Document emailed to Marcin Balawender (marcin_balawender@dalriadatrustees.co.uk) for signature
2024-10-29 - 12:22:36 GMT
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2024-10-29 - 12:33:20 GMT - IP address: 195.213.123.184
-  Document e-signed by Marcin Balawender (marcin_balawender@dalriadatrustees.co.uk)
Signature Date: 2024-10-29 - 12:39:00 GMT - Time Source: server- IP address: 195.213.123.184
-  Agreement completed.
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