

The Demco Retirement and Death Benefits Scheme

DC Chair's Statement for 2024/2025

1. Introduction

Governance requirements apply to defined contribution (“DC”) pension arrangements, to help members achieve a good outcome from their pension savings. The Trustees of the Demco Retirement and Death Benefits Scheme (the “Scheme”) are required to produce a yearly statement (which is signed by the Chair of Trustees) to describe how these governance requirements have been met in relation to:

- ▶ the investment options in which members’ funds are invested (this means the “default arrangement” and other funds members can select or have assets in, such as self-select or “legacy” funds);
- ▶ the requirements for processing financial transactions;
- ▶ the charges and transaction costs borne by members;
- ▶ an illustration of the cumulative effect of these costs and charges;
- ▶ net returns of the investment options;
- ▶ a ‘value for members’ assessment; and
- ▶ Trustee knowledge and understanding.

This statement covers the period from 01 October 2024 to 30 September 2025.

2. Default investment arrangements

The Scheme is not used as a Qualifying Scheme for auto-enrolment and there is no default investment arrangement for the Scheme.

The Trustees are not required to have a Statement of Investment Principles as there are less than 100 members in the Scheme.

The Scheme is closed to new members and the two remaining members are paid up members of the Scheme. No further contributions will be made to the Scheme.

3. Requirements for processing core financial transactions

The Trustees have received assurance from the Scheme’s administrator Phoenix Life that there were adequate internal controls to support prompt and accurate processing of core financial transactions relating to the Scheme during the Scheme Year. This includes the investment of contributions, processing of transfers in and out of the Scheme, transfers of assets between different investments within the Scheme, and payments to members/beneficiaries.

The Trustees receives annual reports about the administrator’s performance and compliance with the SLA; using information provided by the administrators, the Trustees are satisfied that over the period covered by this statement

- ▶ the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;

- ▶ there have been no material administration errors in relation to processing core financial transactions; and
- ▶ all core financial transactions have been processed promptly and accurately during the Scheme year.

4. Member-borne charges and transaction costs

The Trustees are required to set out the on-going charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio (“TER”). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges also include any costs, e.g. administration and investment costs, since members incur these costs.

The Trustees are also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Scheme’s fund managers buy and sell assets within investment funds .

The charges and transaction costs have been supplied by Phoenix Life who are the Scheme’s provider. There is not any missing transaction cost data.

When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance.

4.1 Default arrangements

There is no default arrangement.

4.2 Self-select options

Members have the option to invest in several self-select funds.

The level of charges for each self-select fund and the transaction costs over the period covered by this statement are set out in the following table.

Self-select fund charges and transaction costs

Manager – Fund name	TER (%)	Transaction costs per £1,000
Phoenix SM Cash	1.00	£10.00
Phoenix SM Corporate Bond	1.03	£10.30
Phoenix SM European	0.98	£9.80
Phoenix SM Far Eastern	1.01	£10.10
Phoenix SM Gilts & Fixed Interest	1.03	£10.30
Phoenix SM Growth	1.03	£10.30

Phoenix SM International	1.04	£10.40
Phoenix SM Japanese	1.02	£10.20
Phoenix SM Long Gilt	0.94	£9.40
Phoenix SM North American	0.97	£9.70
Phoenix SM Opportunity	1.05	£10.50
Phoenix SM Managed (0-35% shares)	1.04	£10.40
Phoenix SM UK Equity	1.04	£10.40
Phoenix SM With Profits	1.00	£10.00

The two existing members of the Scheme are invested in the Phoenix SM Growth fund and the Phoenix SM With Profits fund.

With effect from 01 January 2018, Phoenix Life promise that the maximum ongoing charge that will normally be applied to a plan is 1% per annum. If more than 1% is charged from 01 January 2018, then the surrender or transfer value may be enhanced to reflect any higher charges that may have been applied.

4.3 Illustration of charges and transaction costs

Over time the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. The Trustees have set out in the Appendix to this statement illustrations of the impact of charges and transaction costs on different investment options in the Scheme.

5. Investment returns

This section states the annual return, after the deduction of member borne charges and transaction costs, for all investment options that members are able, or were previously able, to select and in which members' assets were invested during the scheme year. When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance.

Self-select fund net returns over periods to scheme year end

Fund name	1 year (%)	5 years (% pa)
Phoenix SM Cash	4.19	13.48
Phoenix SM Corporate Bond	24.04	43.50
Phoenix SM European	27.14	57.22
Phoenix SM Far Eastern	15.92	5.07

Phoenix SM Gilts & Fixed Interest	4.28	-25.74
Phoenix SM Growth	14.42	27.80
Phoenix SM International	19.01	55.55
Phoenix SM Japanese	17.55	38.68
Phoenix SM Long Gilt	1.76	-50.27
Phoenix SM North American	10.31	90.00
Phoenix SM Opportunity	17.48	41.95
Phoenix SM Managed (0-35% shares)	7.09	-2.90
Phoenix SM UK Equity	24.10	69.27
Phoenix SM With Profits	4.50	16.98

6. Value for members assessment

The Trustees are required to assess the extent to which member borne charges and transaction costs represent good value for members. It is difficult to give a precise legal definition of “good value”, but the Trustees consider that it broadly means that the combination of costs and the quality of what is provided in return for those costs is appropriate for the Scheme membership as a whole, when compared to other options available in the market.

The Trustees review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Scheme. The date of the last review was 30 September 2025. The Trustees note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. The Trustees’ advisers have confirmed that the fund charges are competitive for the types of fund available to members.

The Trustees’ assessment included a review of the performance of the Scheme’s investment funds (after all charges) in the context of their investment objectives.

The returns on the investment funds members can choose during the period covered by this statement have been consistent with their stated investment objectives.

In carrying out the assessment, the Trustees also consider the other benefits members receive from the Scheme, which include:

- ▶ the oversight and governance of the Trustees, including ensuring the Scheme is compliant with relevant legislation, such as the charge cap, and holding regular meetings to monitor the Scheme and address any material issues that may impact members;
- ▶ the range of investment options.

Overall, the Trustees believe that members of the Scheme are receiving reasonable value for money for the charges and cost that they incur. The Trustees believe this because the members pay only the ongoing fund charges which are capped at 1%.

The Trustees are currently undertaking an in-depth review of the Scheme and options available to assess if this is the most suitable arrangement moving forward.

7. Trustee knowledge and understanding

The Scheme’s Trustees are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. Each Trustee must:

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

In addition, the Trustees of schemes that are subject to the Climate Change Governance and Reporting Requirements in Part 1 of the Schedule to the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 must have knowledge and understanding of the

