

VANTAGE GROUP LIMITED (1983) RSP
(the "Plan")

ANNUAL CHAIR'S STATEMENT AS AT 31st OCTOBER 2021

1. Introduction

Under legislation set out in Regulation 23 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by The Occupational Pension Schemes (Charges and Governance) Regulations 2015 (together the 'Administration Regulations'), the Trustee of the Plan (the 'Trustee') is required to prepare this annual Statement on governance.

Under this legislation, the Chair of Trustees has to provide an annual statement which explains what action the trustee board has undertaken to meet the new governance rules. I have provided the information required by law in this statement.

2. The Plan

The Trustee of the Plan is Perrys Motor Sales, a company incorporated in England and Wales under number 00972286. Its registered address is Suite 1, 500 Pavilion Drive, Northampton Business Park, Brackmills, Northampton NN4 7YJ ("**the Company**").

The Plan is group money purchase scheme, invested in unitised with-profits funds provided by Phoenix Life. The Plan is no longer open to new members, and all contributions, by both members and sponsoring employers, stopped on 31st October 2001. This means that the Plan is "**paid up**".

The Plan is "**trust-based**", which means that it was set up under, and is governed by, a trust deed and rules. The assets of the Plan are held entirely by Phoenix Life. Each with-profits fund in Phoenix Life Limited is run as a stand-alone fund. This means that, on the whole, the policyholders of one fund are not affected by the state or operation of another fund.

Neither the Trustee nor any employer has access to any money in the with-profits fund. This also means that, should the Plan wind up, or any of the participating employers going out of business, the Plan's assets are separate from the employers' assets and completely safe.

"**With-profits**" means that the contributions that were formerly paid by the members and the employers paid on their behalf, are pooled together with money from other pension funds that are invested in the same way and invested in Phoenix Life's unitised with-profits fund. The contributions paid by you and on your behalf, and the profits generated from them, are used to buy units in Phoenix Life's with-profits fund. At retirement, the money in your pension "pot" is available to purchase an annuity. A proportion of the benefit can usually be taken in a cash form at retirement. When you take your benefits, Phoenix Life guarantees that each £1,000 in your fund will guarantee to pay a certain amount of income for the rest of your life. The amount of income depends on whether you are male or female, your age at the time, whether your pension will continue at half-rate for one or more of your dependants, and whether or not it will increase during payment and, if so, by how much.

The benefits provided by the Plan are what is known as defined contribution (“**DC**”). This means that the benefits provided are based wholly on the value of each individual member’s fund within the Plan and there is no cross-subsidy between members.

The fund is managed by The Phoenix Life Assurance Limited Board, assisted by a with-profits committee, which puts the fund’s money into different types of investments, such as company shares, property, bonds (types of loan usually issued by the Government or companies), cash deposits and alternative investments, such as hedge funds. They select a wide range of assets to hold in the with-profits fund, in line with the fund's aims.

Neither the Trustee nor the sponsoring employer has any influence over the way that the funds are invested.

The costs of running the with-profits fund are deducted from the fund. What is left over (the profit) is available to be paid to the with-profits investors.

The profits generated are paid in the form of annual bonuses added to your fund. There is no guarantee as to what level of profit will be paid in any year. The annual bonus rate that has been paid for the period between 1 March 2017 and 28 February 2019, and going forwards, is 1.5%.

Phoenix Life usually tries to avoid big changes in the size of the annual bonuses from one year to the next. It does this by holding back some of the profits from good years to boost the profits in bad years, which is known as “**smoothing**”. There is also the possibility that a final bonus might be paid, although final bonus rates have been dropping for some years now and there is no guarantee that a final bonus will be paid.

3. Is there a default arrangement?

The Plan is not a qualifying arrangement for auto-enrolment compliance purposes and, as such, there is no legislative requirement to have a default arrangement in place. Because the Plan is invested wholly in with-profits, there is no need for the Trustee to have a Statement of Investment Principles.

4. Requirements for processing financial transactions.

As required by the Administration Regulations, the Trustees must ensure that core financial transactions are processed promptly and accurately. “Core financial transactions” for the Plan are:

- transfer of members’ assets to and from the Plan, and
- payments out of the Plan to members and other beneficiaries, such as widows and widowers.

As part of its services, Phoenix Life looks after these administration services. Because it is an integral part of the Plan, the Trustee does not have a bespoke service level agreement in place. The Company monitors the core financial transactions on behalf of the Trustee.

5. Charges and transactions costs.

As required by the Administration Regulations, the Trustee is required to report on the charges and transactions costs which are paid by members. The Trustee also needs to assess whether the charges and costs represented good value for

members. The Trustee has had regard to statutory guidance in preparing this section of the statement

Costs and charges levied on your fund by Phoenix Life comprise of:

- the with-profits fund investment performance.
- running costs, which include administration costs, investment costs and commission;
- the tax Phoenix Life has to pay;
- the shareholders' share of profits (see the section What about the shareholders? for more details);
- charges for death benefits;
- charges for guarantees and smoothing; and
- other profits and losses in this fund.

With the exception of the AMC, your fund does not bear any charges directly. The AMC includes the costs of providing the guarantee. The other potential costs and charges set out determine the size of the bonuses applied to your fund.

The Company currently meets all advisory costs associated with operating the Plan together with any additional bespoke member communications commissioned.

In accordance with the Pensions Regulator's DC Code of Practice number 13 (paragraphs 18-41) and with the relevant legislation, the Trustee concluded that the Plan's overall benefits and services represented value for money in comparison to the cost payable by members. The main reason for this is the fact that (as explained above in "Market Value Reduction") early disinvestment from the with-profits fund can give rise to loss of bonuses and the Trustee considers that it would not be possible to invest in such a way as to make up any losses and ensure future growth within reasonable timeframes.

6. The effect of costs and charges.

You were provided with a detailed "Member Illustration" prepared by Phoenix Life, as part of your annual statement as of 31 October 2021. It is only an illustration, and the situation at the date you take your "pot" of money may be different to what is in the illustration. Within those constraints, the illustration shows how much pension you could receive during your lifetime, with 50% being paid after your death to an opposite-sex spouse/civil partner. If you would like to know how the illustration would change for a same-sex spouse/civil partner, please contact the Company Secretary at Perrys Motor Sales Limited, Suite 1, 500 Pavilion Drive, Northampton Business Park, Brackmills, Northampton NN4 7YJ. The assumptions that Phoenix Life used are set out more fully in the illustration itself.

The advantage of this illustration is that shows you what your fund could be worth (assuming that Phoenix Life's assumptions happen in practice), at today's values. This is because it takes into account future inflation, of 2.5% per year. Inflation may be higher or lower than this, so the eventual value of your benefits at today's values could be different.

The Trustee acknowledges the requirement to publish the sample illustration on a website and they are currently working with the employer to establish a suitable web page.

7. Trustee knowledge and understanding (TKU).

Sections 247 and 248 of the Pensions Act 2004, require the Trustees to maintain an appropriate level of knowledge and understanding which, together with professional advice which is available to them, enables them to properly exercise their functions and duties in relation to the Fund.

Because of

- the nature of the Plan and
- the fact that the Plan is closed to new members and is paid up,

the requirements on the Trustee for TKU is not as onerous as it would be for a larger, more complex pension scheme which is not invested wholly in an insurance policy. Nevertheless, the Trustee has

- a working knowledge of the trust deed and rules, and
- sufficient knowledge and understanding of the law relating to pensions and trusts.

Should the Trustee consider that its knowledge and understanding is insufficient in any instance, it will take appropriate professional advice.

8. Conflicts of interest.

Because the Plan's assets are wholly invested with Phoenix Life, and the Plan is funded on a DC basis, the Trustee considers that there is no conflict of interest between its role as Trustee and Principal Employer of the Plan. Nevertheless, it is aware that, should any conflict of interest arise, it will be necessary for it to consider its position. The result may be that it may (for example), take independent legal advice, or appoint a professional trustee, at least for the duration of the conflict.

9. Raising queries.

If you have any queries on the contents of this statement, or require more information, please contact the Company Secretary at Perrys Motor Sales Limited, Suite 1, 500 Pavilion Drive, Northampton Business Park, Brackmills, Northampton NN4 7YJ. It is expected that the Perrys Company Secretary will be able to answer your queries fully and provide further information but, if they cannot, or if you are not satisfied with the response, it will be referred to the Trustee.