

Chair Statement for the Seewoo Foods Limited Retirement Benefits Scheme Sch 2 - 53342

Introduction

Governance requirements apply to defined contribution ("DC") pension arrangements, to help members achieve a good outcome from their pension savings. The Trustee of the Seewoo Foods Limited retirement Benefits Scheme Sch 2 (the "Scheme") is 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
- 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; a 'value for members' assessment;
- and Trustee knowledge and understanding.

This statement covers the period from 1 April 2022 to 31 March 2023.

Investment Arrangements

The Scheme is not used as a Qualifying Scheme for auto-enrolment and provides pension benefits for the business shareholders. The default investment fund is the AVIVA Managed AP Fund. The Scheme was set up by the previous Trustees. As the Scheme has less than 100 members it is not required to publish a Statement of Investment Principles and Implementation Statement.

The Scheme triggered into wind up on 25 November 2021 when the Principal Employer ceased to trade and entered Administration. Clumber Consultancy Pension Trustees Limited replaced the Principal Employer as Trustee to the Scheme on 11 January 2023 to wind up the Scheme. As the Principal Employer is insolvent, there will be no new members joining the Scheme and the Scheme is in the process of being wound up.

The Trustee is responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy. As the Trustee has been appointed to wind up the Scheme and secure members' benefits in their own name the Trustee does not propose making any changes to the existing investments.

The default fund under the Scheme is the AVIVA Managed AP Fund. The aim and objective of the fund is to achieve long term growth from a combination of income generation and capital growth. There are also some funds invested in AVIVA Retirement Distribution AP. The aim of this fund is to provide a good and growing level of income with prospects for long-term capital growth through investment in a wide range of shares, property, bonds, and other fixed interest investments.

The Trustee carried out a review of the Scheme upon appointment and is satisfied that the investment remains appropriate due to the member profile and the fact that the Scheme is winding up, which is expected to be completed over the next 12-18 months.

All of the members plans have funds invested in the default fund and there are also some funds under two of the plans invested in the AVIVA Retirement Distribution AP Fund

The return achieved under the default fund is in line with the sector average over the last 12 months, ahead of the sector average for the 3 year return and very slightly behind for 5 and 10 years.

Under the Retirement Distribution AP Fund performance is ahead of the Sector Average for 1 year, 3 year and 10 year but behind the Sector Average for 5 year.

Requirements for Processing Core Transactions

The Trustee is required to report to you about the processes and controls in place in relation to the 'core financial transactions'. We must ensure that these important financial transactions are processed promptly and accurately. In practice we delegate this to the Scheme Administrator, AVIVA. As the sponsoring Company is insolvent and the Scheme is winding up there are no contributions being paid into the Scheme nor are there other investment options and these transactions would therefore be limited to:

- transferring assets related to the members out of the Scheme
- making payments from the Scheme to or on behalf of members

There were no such transactions during the reporting period. There are no material administration service issues which need to be reported by the Trustee. As a service standard, AVIVA aim to ensure that payments are dealt with in 10-15 working days. The Trustee will continue to work with AVIVA to ensure that requests regarding settlements of benefits from the Scheme are processed efficiently, correctly and within agreed timescales so that the Scheme can be wound up efficiently. Aviva operate a system whereby such payments are reviewed internally prior to processing for accuracy and the Trustee is satisfied with the processes AVIVA have in place and will continue to monitor any payment timescales and follow up with AVIVA where these are not met to work with them to ensure that requests are dealt with accurately and in a timely manner.

Member Borne Charges and Transaction Costs

The Trustee is 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 Trustee is 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 AVIVA

Fund Name	TER	Transaction Costs
Aviva Managed AP Fund	1.02%	0.0902%
Aviva Retirement Distribution AP Fund	1.03%	0.0615%

When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

Illustration of Charges and Transaction Costs

Over a period of 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. In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee has requested an illustration of their cumulative effect on a typical plan members' savings over the period to their retirement from the Scheme insurer, but the information has not yet been provided. The Trustee will update this statement once the illustration is provided.

Net return on Investment

Trustees of all relevant pension schemes are required to calculate and state the return on investment from their default and any self select funds available which the Scheme invested in over the year to 31 March 2023. The Scheme invests in the AVIVA manage AP Fund and the AVIVA Retirement Distribution Fund. This section states the annual return, after the deduction of member borne charges and transaction costs. When preparing this section the Trustee has taken account of the relevant statutory guidance.

Fund	Net Annualised return to 31 March 2023
AVIVA Managed AP Fund	-3%
AVIVA Retirement Distribution AP Fund	-6%

The net investment return for the scheme year to 31 March 2023 in £ and p is -£9,779.49

Value for Members Assessment

The Trustee is 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 Trustee considers 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. The Trustee reviews all member-borne charges (including transaction costs where available) on appointment and annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Scheme. The Contract type only offers one investment option and the Scheme is being wound up to settle members’ benefits in their own names. The Trustee notes 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 Trustee has compared the level of charges in each fund with the levels of return delivered to members. The Trustee has also considered how the charges and transaction costs borne by the membership compare against the services and benefits provided by the Scheme taking into account the expected timescale to wind up.

We have assessed member’s investment returns and overall fund performance to ensure that the transaction costs borne by members are reasonable and the outcomes expected from investment.

The returns on the investment fund during the period covered by this statement have been consistent with their stated investment objectives and broadly in line with expectations.

In carrying out the assessment, the Trustee also considers the other benefits members receive from the Scheme, which include

- the oversight and governance of the Trustee
- the design of the investment and how this reflects the membership as a whole;
- the quality of communications delivered to members;
- the quality of support services
- and the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards for the Scheme year.

As detailed in the earlier section covering processing of financial transactions, the Trustee is comfortable with the quality and efficiency of the administration processes. Overall, the Trustee believes that members of the Scheme are receiving good value for money for the charges and cost that they incur, taking into account there are no other options for investment on this particular contract. The Trustee aims to complete the wind up of the Scheme within the next 12-18 months.

Trustee Knowledge and Understanding

The Scheme's Trustee is required to maintain appropriate levels of knowledge and understanding, that together with any advice received enables them to run the Scheme effectively and to provide appropriate services to pension schemes as part of its day to day business.

The Trustee has a working knowledge of the Trust Deed and Rules and other Scheme documents and as part of their day to day business activities deals with matters that both strengthen their knowledge of and understanding of the Scheme as well as pension and trust law.

Staff dealing with the Scheme have completed or are working towards completion of the TPR Trustee Toolkit.

The Trustee considers training requirements to identify any knowledge gaps. The Trustee is familiar with and have access to copies of the current Scheme governing documentation that along with their experience and any training or personal study undertaken means that the Trustee believes that they are well placed to exercise their function as Trustee of the Scheme properly and effectively.

D TOMS

Signed by the Chair of Trustees of the SeeWoo Foods Limited Retirement Benefits Scheme Sch 2
30 October 2023