CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 5 APRIL 2025

The Purpose of this Statement

This Statement has been prepared by the Trustee of the Scone Estates Retirement Benefits Scheme ("the Scheme"), to report on compliance with governance standards during the Scheme year which ended on 5 April 2025. This Statement has been prepared in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended).

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

- the investment options in which members' funds are automatically 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;
- a 'value for members' assessment; and
- Trustee knowledge and understanding.

The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.

This Statement covers the Scheme year from 6 April 2024 to 5 April 2025. The Statement will be published in the annual report and accounts.

The Scheme is not being used as a qualifying scheme for automatic enrolment purposes and closed to new members prior to March 2007. No contributions have been paid to the Scheme after 5 April 2015.

There has not been a review of the Scheme's investment strategy over the year to 5 April 2025, although the Trustee has reviewed the performance of the arrangements as part of its latest Value for Members assessment, with the conclusions highlighted further down in this Statement.

Background

The Scheme's default arrangement ("the Default Arrangement") was last reviewed on 22 March 2023 by Argyle Consulting Limited ("Argyle") ("the Investment Adviser"). Following the investment strategy review, the Trustee decided to split the portfolio in two with one segment containing the main Scheme assets and the other DC assets accrued after 5 April 1997 – these are referred to as the "Post 1997 Assets". However, the main Scheme assets also include DC assets which have defined benefit underpins which are attached.

The Default Investment Strategy

Following the separation of the portfolio into two, for the Scheme's members who hold DC assets accrued after 5 April 1997, these are invested in the General Investment Account labelled "Post 1997 Assets". The primary objective of the new portfolio is to allow the prospect of growth with elements that can help to dampen any prospective volatility over time, whilst delivering this in a cost-effective way. No contributions have been paid to the Scheme after 5 April 2015 and therefore it does not have a Statutory Default Arrangement as defined in legislation. However, for the purposes of full disclosure and explanation to members this Statement assumes the "post 1997 Assets" to be the default. The Default Arrangement therefore consists of a diversified portfolio of four funds which are held within a General Investment Account on the Transact platform. As at 5 April 2025, the allocation to each fund was broadly as per the below:

- Amundi MSCI World UCITS ETF – 32.2%
- Amundi UK Equity All Cap UCITS ETF – 29.2%
- Troy Trojan Fund – 27.9%
- Ruffer Total Return – 8.1%
- Transact Cash – 2.7%

The Trustee will review the performance of the Default Arrangement regularly with assistance from Argyle, who will provide monthly valuations and review investment performance on a six-monthly basis.

The Default Investment Arrangement ("Post 1997 Assets") – Asset Allocation

The Trustee is required to disclose the full asset allocation of investments within the Default Investment Arrangement.

The table below shows the percentage of assets allocated in the Default Investment Arrangement to specified asset classes as at 5 April 2025. This information is provided in line with statutory guidance.

Asset Class	Allocation (%) at Age 25	Allocation (%) at Age 45	Allocation (%) at Age 55	Allocation (%) at Age 65
Cash	**3.8**	**3.8**	**3.8**	**3.8**
Bonds	**16.7**	**16.7**	**16.7**	**16.7**
Corporate Bonds	0.0	0.0	0.0	0.0
Fixed interest government bonds	8.7	8.7	8.7	8.7
Index-linked government bonds	8.0	8.0	8.0	8.0
Other bonds	0.0	0.0	0.0	0.0
Listed Equities*	**75.9**	**75.9**	**75.9**	**75.9**
Private Equity	**0.0**	**0.0**	**0.0**	**0.0**
Infrastructure	**0.0**	**0.0**	**0.0**	**0.0**
Property / Real Estate	**0.0**	**0.0**	**0.0**	**0.0**
Private Debt / Credit	**0.0**	**0.0**	**0.0**	**0.0**
Other	**3.6**	**3.6**	**3.6**	**3.6**
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**

Source: Investment Managers. *Across all age cohorts, a member will have the same underlying exposure to each asset class. There is no look-through exposure available for the listed equities.

The Default Investment Arrangement ("Post 1997 Assets") – Investment Returns

The Trustee is required to disclose returns, net of charges and transaction costs, for the default investment arrangement and for each fund in which members' assets were invested during the Scheme year. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

The investment returns, net of all fees borne by members of the Scheme, are provided in the table below for the default arrangement in place. We acknowledge that members are unable to self-select their investments, however as per the relevant statutory guidance, we have also set out the net investment returns of the individual funds.

Net of Fees Investment Returns of Scheme's Default Investment Arrangement ("Post 1997 Assets")

Fund	3 Month (%)	1 Year (%)	3 Year (% p.a.)	5 Year (% p.a.)
Age 65				
Current Default	-4.6	2.4	2.1	9.3
Age 55				
Current Default	-4.6	2.4	2.1	9.3
Age 45				
Current Default	-4.6	2.4	2.1	9.3

Source: Argyle.

Net of Fees Investment Returns of Underlying Funds in the Scheme

Fund	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)
Amundi MSCI World UCITS ETF	-14.6	-3.6	4.9	13.7
vs Global ETF Equity Investment	**-5.7**	**-0.1**	**2.3**	**5.1**
Amundi UK Equity All Cap UCITS ETF	-2.2	5.4	4.7	10.7
vs Global ETF Equity UK	**0.2**	**2.1**	**2.8**	**4.7**
Ruffer Total Return Fund	4.2	3.0	-1.5	4.1
vs PN Mixed Investment 20-60% Shares	**6.4**	**0.8**	**-3.1**	**-2.5**
Troy Trojan Fund	1.6	6.1	2.1	5.1
vs PN Flexible Investment	**6.6**	**5.4**	**0.1**	**-2.3**
iShares Core UK Gilts UCITS ETF	2.3	0.6	-6.4	-6.6
vs Global ETF Fixed Interest	**-0.1**	**-1.9**	**-4.0**	**-3.6**
Vanguard UK Long Duration Gilt Index	2.5	-3.4	-14.2	-12.5
vs UK Gilts	**0.0**	**-4.6**	**-8.5**	**-6.8**

Source: Argyle.

Costs and Charges borne by Members

Members bear charges and transaction costs for the investment funds in which their pension savings are invested:

- Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as Total Expenses, which is comprised of the Total Expense Ratio (TER) of the fund, in addition to including the Transact platform charge of 0.18% per annum, and the Argyle annual adviser charge of 0.70% per annum.
- Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in definition of Total Expenses outlined above.

The table below provides details of the member-borne charges and transaction costs for each of the investment options provided during the Scheme year. When preparing this section of the Statement the Trustee has taken account of relevant statutory guidance.

Fund	Total Expense Ratio (%)	Total Expenses* (%)	Transaction Cost (%)	Total Charges and Costs (%)
Amundi MSCI World UCITS ETF	0.12	1.00	0.00	1.00
Amundi UK Equity All Cap UCITS ETF	0.10	0.98	0.02	1.00
Ruffer Total Return Fund	1.61	2.49	0.39	2.88
Troy Trojan Fund	0.92	1.80	0.02	1.82
iShares Core UK Gilts UCITS ETF	0.08	0.96	0.01	0.97
Vanguard UK Long Duration Gilt Index	0.06	0.94	-0.02	0.92

Source: Argyle. *Total expenses are the total expense ratio of the underlying fund (net of rebates) including the Transact platform charge of 0.18% per annum, and the Argyle annual adviser charge of 0.70% per annum.

The Trustee is required to provide members with information on the effect of costs and charges on their pension pot. An illustration is provided below.

<u>Illustration of total charges (including transaction costs) on fund values over time</u>

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. The Trustee has set out below illustrations of the impact of charges and transaction costs on different investment options in the Scheme. The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

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 Trustee has had to make a number of assumptions about what these might be.

The assumptions are explained below:

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs.
- The transaction cost figures used in the illustration are based on the most recently available information provided by the investment managers as described above.

The illustration is shown for the Post 1997 Assets held on the Transact platform. The fund with the highest costs is the Ruffer Total Return Fund and the fund with the lowest costs is the Vanguard UK Long Duration Gilt Index Fund.

Parameters used for the illustrations:

1. Starting pot sizes of £30,000 and £7,000 have been used for the average member and youngest member respectively. These are based on the member data we have as at 5 April 2025.
2. It is assumed that no future contributions will be paid.
3. Timeframe: the illustrations are shown over a 20-year time frame as this covers the approximate duration that the youngest member would take to reach retirement age. For the average member, the illustrations are shown over a 8-year time frame.
4. The projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. Inflation is assumed to remain constant throughout

the term of the illustrations, at 2.5% per year. It is for this reason that real growth (after inflation) may be negative.

5. Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund.
6. Investment options: illustrations are provided for the default investment arrangement and the highest and lowest charging funds.
7. The projected growth rates (gross, i.e. before inflation) and costs and charges used are as follows:

Fund	Assumed Return	Total Expenses*	Transaction Costs**
Amundi MSCI World UCITS ETF	6.50%	1.00%	0.00%
Amundi UK Equity All Cap UCITS ETF	6.50%	0.98%	0.02%
Ruffer Total Return Fund	5.30%	2.49%	0.39%
Troy Trojan Fund	5.30%	1.80%	0.02%
Vanguard UK Long Duration Gilt Index Fund	4.50%	0.94%	-0.02%

*Total expenses are the ongoing charges figure of the underlying fund (net of rebates) including the Transact platform charge of 0.18% per annum, and the Argyle annual adviser charge of 0.70% per annum.

** The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations. The illustrations use transaction costs over the Scheme year, as data was not available for the last five years. Values shown are estimates and not guaranteed

TABLE 1 – Illustration of the projected retirement fund values for the "average" and "youngest" members in the default arrangement ("Post 1997 Assets")

Years to retirement	Default Investment Arrangement – Post 1997 Assets			
	Average Member – Aged 57		Youngest Member – Aged 45	
	Before charges	After all charges and costs deducted	Before charges	After all charges and costs deducted
20	n/a	n/a	£7,000	£7,000
15	n/a	n/a	£8,265	£7,675
10	n/a	n/a	£9,758	£8,415
8	£30,000	£30,000	£10,428	£8,730
6	£32,061	£31,125	£11,145	£9,057
5	£33,144	£31,703	£11,521	£9,226
4	£34,263	£32,292	£11,910	£9,397
3	£35,420	£32,892	£12,312	£9,572
2	£36,616	£33,503	£12,728	£9,749
1	£37,853	£34,125	£13,158	£9,931
0	£39,132	£34,759	£13,602	£10,115

Note on how to read this table: For the "average" member, who had £30,000 invested in this option on 5 April 2025, when they came to retire in 8 years the savings pot could grow to £39,132 if no charges are applied but to £34,759 with charges applied.

TABLE 2 – Illustration of the projected retirement fund values for the Member Funds

Years to retirement	Member Funds			
	Ruffer Total Return Fund – *Most Expensive Fund*		Vanguard UK Long Duration Gilt Index – *Least Expensive Fund*	
	Before charges	After all charges and costs deducted	Before charges	After all charges and costs deducted
20	£7,000	£7,000	£7,000	£7,000
15	£8,010	£6,973	£7,710	£7,377
10	£9,165	£6,946	£8,492	£7,774
8	£9,673	£6,935	£8,827	£7,938
6	£10,208	£6,924	£9,175	£8,106
5	£10,487	£6,918	£9,354	£8,192
4	£10,774	£6,913	£9,536	£8,278
3	£11,068	£6,908	£9,722	£8,365
2	£11,370	£6,902	£9,912	£8,453
1	£11,681	£6,897	£10,105	£8,543
0	£12,000	£6,892	£10,303	£8,633

Note on how to read this table: For the member, who had £7,000 invested in Ruffer Total Return Fund on 5 April 2025, when they came to retire in 20 years the savings pot could grow to £12,000 if no charges are applied but to £6,892 with charges applied.

Administration Standards and Core Financial Transactions

The Trustee has received assurance from the Scheme's administrator, Broadstone Corporate Benefits Limited ("Broadstone"), during the period covered that there were adequate internal controls in place to ensure that core financial transactions relating to the Scheme were processed promptly and accurately during the Scheme year to 5 April 2025.

The Trustee has a specific duty to ensure that core financial transactions (including the investment of contributions, transfer of member assets to and from the Scheme, switching between different investments within the Scheme and payments to and in respect of members) relating to the defined contribution arrangements are processed promptly and accurately.

Whilst there are no service level agreements (SLAs) in the client agreement, Broadstone's administration team aim to deal with transactions and queries within their standard timeframes. The Trustee also reviews any member complaints and breaches to ensure service is being delivered in line with expectations.

Broadstone conducts a data audit on an annual basis, calculating the 'Common' and Scheme Specific data scores for the Scheme. The Scheme's auditors also perform additional testing of certain transactions to support the Trustee's monitoring of Broadstone, which also has its own auditing arrangements to provide a further layer of assurance. Neither the administrator's annual reports nor the audit of the annual report and accounts identified material issues with the accuracy of core financial transactions.

In view of the controls and monitoring arrangements, and the lack of material issues experienced during the Scheme year, the Trustee believes that core financial transactions have been processed promptly and accurately.

Value for Members Assessment

Trustees of specified schemes must carry out a holistic assessment of how their scheme delivers value for members. The outcome of this assessment must be reported in the annual DC Chair's Statement and include consideration of reported costs and charges, fund performance (and net investment returns) and other measures of scheme governance and administration. The regulations now require the Trustees to test the Scheme against comparable schemes or DC arrangements.

The Trustee has carried out a value for members assessment as at 5 April 2025. The conclusions of this assessment are set out in the table below:

Assessment area	Conclusion
Costs and charges	Across all age profiles, the total expenses for the Default Arrangement (which we refer to as the "Post 1997 Assets") are considerably more expensive than those of the comparator schemes.
Net investment performance	The Post 1997 Assets have delivered investment returns for a member aged 65 broadly in line with the average comparator over the past 3 years and have outperformed the comparators over the past 5 years. Meanwhile, for a member aged 45 and 55 the Post 1997 Assets have delivered investment returns which are marginally below the average comparator over the past 3 years and have performed broadly in line with them over the past 5 years.
Governance and administration	In assessing the governance and administration of the current arrangements against the seven key metrics, the Trustee is satisfied that the Scheme is performing at a satisfactory level in these areas.
Overall	The overall assessment is that the current arrangements do not provide value for members and the Trustee begins to consider the options for transferring the Post 1997 Assets to an alternative arrangement or otherwise take actions to improve the value within the Scheme.

Trustee Knowledge and Understanding

The Trustee is required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. The 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 Trustee 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 a Trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment of the assets of occupational pension schemes.

The Trustee directors have experience of sitting on the Trustee Board for the Scheme and, together with the advice provided by advisers and service providers, that enables them to properly exercise their functions as directors of the Trustee of the Scheme.

The Trustee directors have a good working knowledge of the Trust Deed and Rules of the Scheme, and a sufficient level of knowledge and understanding of the law relating to pensions and trusts: in particular, the Scheme's professional trustee, MacRoberts Trustees Limited, is comprised of personnel of the Scottish law firm Morton Fraser MacRoberts LLP, including pension law specialists. Those specialists stay up to date on legal developments in the course of their work and undertake verifiable training on a regular basis, including attending CPD seminars arranged by the Association of Pension Lawyers, each completing The Pensions Regulator's Trustee Toolkit, and each obtaining the Pensions Management Institute's Award in Pension Trusteeship.

Taking account of actions taken individually and as a Trustee body, and the professional advice available to them, the Trustee directors consider that they can properly exercise their functions as Trustee directors of the Scheme. The Trustee did not consider it necessary to conduct a Board Effectiveness Review during the year.

Communicating with members

The Trustee endeavours to provide Scheme communication that is regular, accurate, clear and understandable.

In conjunction with its advisers, the Trustee regularly reviews member communications (including retirement options packs and benefits statements) to ensure members are aware of their benefit entitlements in respect of the Scheme. Retirement packages cover all disclosure requirements, including retirement choices and the details of the Government's Pension Wise service.

Members receive an annual benefit statement which sign-posts them to where they can find this Statement to understand the default strategy, the returns on investment, the charges/transaction costs and how these represent value for members.

Signed:

Name: **Martyn Shaw, Director, MacRoberts Trustees Limited as a Director of Mansfield Estates Pension Trustees Limited**

Position: **Trustee**

Date: **29 October 2025**