# *Mouchel Business Services Limited Scheme (Money Purchase Section)*
# *DC Governance statement from 1 April 2024 to 31 March 2025*

## 1. Introduction

This statement has been prepared by Kier Group Pension Trustees Limited as the trustee of the Mouchel Business Services Limited Pension Scheme (Money Purchase Section) (the "Scheme" and the "Trustee"), to describe how the Trustee has met the governance standards in relation to:

- the default arrangement;
- the requirements for processing financial transactions;
- charges and transaction costs borne by members;
- net returns of the investment options;
- a 'value for members' assessment; and
- Trustee knowledge and understanding.

This statement covers the period from 1 April 2024 to 31 March 2025 (the "Scheme Year"), and is publicly available on the Kier pensions website. Members are signposted to the statement in the Annual Benefit Statement, and can be found here: https://kierpensions.co.uk/mouchel-business-services-ltd-pension-scheme-money-purchase-section-mbsmp/

## 2. Default arrangement

Details of the objectives and the Trustee's policies in regards to the default arrangement are set out in the Scheme's Statement of Investment Principles ("SIP") updated on 12 September 2024 with further details included in the Statement of Investment Agreements ("SIA"). The Default SIP is appended to this statement.

The performance of the default arrangement is assessed regularly and considers the aims and objectives set out in the SIP. The Trustee compares the arrangement's performance and expected returns against appropriate benchmarks.

The current default strategy initially invests 100% in equities to target a return significantly above inflation over the long term. Starting 25 years before retirement, the strategy gradually transitions from equities to a multi-asset fund, becoming fully invested in a multi-asset fund by 10 years before retirement. Three years before retirement, an allocation to a cash fund is gradually introduced. The asset allocation at retirement is designed for members intending to take their fund via drawdown, after taking 25% of their DC pot as a tax-free lump sum.

The multi-asset allocation is designed to manage the volatility that members' assets experience in the middle part of the growth phase of the default strategy. Over the long term, the Trustee expects the multi-asset allocation to generate returns in excess of inflation but with lower volatility than equities.

The legacy lifestyle strategy follows a similar structure as the current default strategy up to 10 years before retirement. From 10 years to retirement the strategy gradually transitions from a multi-asset fund to a bond fund. Three years before retirement, an allocation to a cash fund is gradually introduced. The asset allocation at retirement is designed for members intending to take their fund via a level annuity, after taking 25% of their DC pot as a tax-free lump sum.

The most recent strategy review was conducted in 2023, with the resulting changes implemented following the Scheme year end in Q2 2024. The next strategy review is scheduled for 2026.

## 3. Requirements for processing financial transactions

Processing of core financial transactions (including but not limited to investment of contributions to the Scheme, the transfer of assets relating to members into and out of the Scheme and between different investments within the Scheme, and payments from the Scheme to or in respect of members) is carried out by the administrators of the Scheme. XPS Administration Limited were appointed as administrators from 1 November 2018.

Overall, the Trustee is satisfied that the administrators have in place adequate internal controls to ensure that core financial transactions are processed promptly and accurately. The Trustee has a Service Level Agreement in place with the administrator and this requires that core financial transactions must be carried out in accordance with the requirements of applicable legislation and the Pension Regulator's Codes of Practice and Guidance. In particular, the administrator:

- should monitor and reconcile bank receipts, including transactions made by investment managers, made into the Scheme's bank account;
- should monitor the receipt of contributions from employers and advise of late or non-payment; and
- must deal with transfers of members in and out of the Scheme within specified prompt timeframes.

The Trustee regularly monitors the performance of the administrator. Throughout the Scheme Year the administrators provided quarterly reports which would have highlighted any non-compliance with the Service Level Agreements and based on information provided by the administrators the Trustee is satisfied that:

- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed within a reasonable timeframe.

## 4. Charges and transaction costs

The Scheme uses the Fidelity International ("Fidelity") investment-only platform, in order to provide a range of investment options to members. This section provides details of the investment arrangements and the associated costs. Members do not bear any costs for the administration of the Scheme.

For the purpose of this statement, "charges" are defined as the Total Expense Ratio ("TER"), which is the annual fund management charges plus additional fund expenses (e.g. for custody, but excluding transaction costs).

All transaction cost information required by the Trustee has been provided by the platform provider, Fidelity. Transaction costs are the costs incurred as a result of the buying, selling, lending or borrowing of investments. Full details of the annual transaction costs incurred over the period 1 April 2024 to 31 March 2025 can be found in Section 4.3.

### 4.1. Default arrangement

The default arrangement has been set up as a lifestyle approach, whereby members' assets are automatically moved between different investment funds as they approach their retirement date. Therefore, the level of charges and transaction costs vary according to each member's proximity to retirement and the underlying funds they are invested in.

Over the period from 1 April 2024 to 31 March 2025, the level of charges within the default arrangement varied between 0.19% and 0.26% pa.

*Default arrangement charges at different stages to retirement:*

| Years to retirement | TER p.a. (%) |
|---|---|
| 40 years | 0.19 |
| 35 years | 0.19 |
| 30 years | 0.19 |
| 25 years | 0.19 |
| 20 years | 0.21 |
| 15 years | 0.23 |
| 10 years | 0.26 |
| 5 years | 0.26 |
| 0 years | 0.24 |

*Source: Schroders Solutions (calculations, September 2025), Fidelity (charges, as at 31 March 2025)*

### 4.2. Self-select funds

The charges for each self-select fund, including those used in the default arrangement, are set out in the following table. The funds that are used within the default arrangement are highlighted in bold. The Mouchel Global Equity Fund is a "white-labelled" fund that currently invests 90% in the BlackRock ACS World ESG Equity Tracker (50% hedged) and 10% in the BlackRock Aquila Connect Emerging Markets Equity.

*Self-select fund charges year to 31 March 2025*

| Fund name | Charge p.a. (%) |
|---|---|
| **Mouchel Global Equity Fund** | **0.185** |
| **L&G Multi Asset Fund** | **0.255** |
| **L&G Sterling Liquidity Fund** | **0.190** |
| L&G Global Equity Fixed Weights (50:50) Fund | 0.180 |
| L&G Future World Annuity Aware Fund | 0.180 |
| HSBC Islamic Global Equity Fund | 0.370 |
| BlackRock Over 5 Years Index-Linked Gilts Fund | 0.140 |
| L&G Cash Fund | 0.200 |

*Source: Fidelity (charges, as at 31 March 2025).*

### 4.3. Net Investment Returns

From 1 October 2021, Schemes are required to calculate and state the return on investments from the default and self-select funds, net of transaction costs and charges. As a minimum, the net return for the Scheme year should be included, and longer where possible. This information is set out below.

The performance has been calculated using the method provided in the Department for Work and Pensions' guidance ("The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations'), published in June 2021.

| Fund Performance (%) | 1 Year | | 3 Years p.a. | | 5 Years p.a. | |
|---|---|---|---|---|---|---|
| | Fund | Target | Fund | Target | Fund | Target |
| Mouchel Global Equity Fund | **4.9** | 5.8 | **6.9** | 7.4 | **16.3** | 12.3 |
| L&G Multi Asset Fund | **3.5** | 3.3 | **2.2** | 2.7 | **6.0** | 7.6 |
| L&G Sterling liquidity Fund* | **5.0** | 4.9 | - | - | - | - |
| L&G Global Equity Fixed Weights (50:50) Fund | **6.1** | 6.6 | **7.2** | 7.5 | **12.6** | 12.8 |
| L&G Future World Annuity Aware Fund | **-3.2** | -3.6 | **-7.0** | -9.3 | **-5.2** | -6.4 |
| HSBC Islamic Global Equity Fund* | **3.5** | 3.8 | - | - | - | - |
| L&G Cash Fund | **4.9** | 4.9 | **3.9** | 4.0 | **2.3** | 2.4 |
| BlackRock Over 5 Years Index-Linked Gilts Fund | **-9.3** | -9.2 | **-16.2** | -16.1 | **-9.8** | -9.6 |

*Source: Fidelity (data, as at 31 March 2025). *The funds' Inception date is 20 March 2024. Therefore, only one year of data is available.*

**Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested.**

### 4.4. Asset class breakdown

From 1st October 2023, the Trustees are required to disclose the underlying percentage of assets allocated to each of the asset classes shown below in their default arrangement, at different stages of the lifestyle process:

| Asset Class (%) | 25-year-old member | 45-year-old member | 55-year-old member | 1 day prior to State Pension Age (65 year old) |
|---|---|---|---|---|
| Cash | 0.0 | 0.0 | 0.0 | 25.0 |
| Corporate bonds, UK government bonds and overseas government bonds | 0.0 | 10.0 | 30.0 | 22.5 |
| Listed equities | 100.0 | 80.3 | 40.8 | 30.5 |
| Private equity | 0.0 | 0.7 | 2.1 | 1.6 |
| Infrastructure | 0.0 | 1.7 | 5.1 | 3.8 |
| Other property/real estate | 0.0 | 2.0 | 6.1 | 4.6 |
| Other private debt/credit | 0.0 | 5.1 | 15.3 | 11.5 |
| Any other assets | 0.0 | 0.2 | 0.6 | 0.5 |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** |

*Source: Legal and General as at 30 June 2025. Schroders Solutions (calculations as at September 2025)*

### 4.5. Member experience by age for lifestyle strategies

The information set out below shows the net performance for members at different age cohorts over the last one, three and five years. The Trustee has taken account of the 2021 Guidance when preparing this section of the Chair's Statement and determined 5 years p.a. of historical data is sufficient to reflect a longer time horizon of investment.

**Default Lifestyle**

| Age of member in 2025 Return (%) → ↓(years) | 5 Years p.a. | 3 Years p.a. | 1 Year |
|---|---|---|---|
| 25 | 16.3 | 6.9 | 4.9 |
| 45 | 9.5 | 5.6 | 7.6 |
| 55 | 7.7 | 2.3 | 3.5 |

*Source: Fidelity (data, as at 31 March 2025), Schroders Solutions (Calculations as at September 2025). Performance is shown net of fees.*

**Legacy Lifestyle**

In 2024, it was agreed that the legacy lifestyle arrangement would be closed, and members would be mapped to the Default Strategy.

**Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested.**

### 4.6. Transaction costs (ongoing frictional)

As part of day-to-day trading activities, the funds underlying the default arrangement, as well as those within the self-select fund range, may incur "frictional costs". Frictional costs are categorised as explicit costs and implicit costs. Explicit costs are directly observable and in most cases, managers are in position to report them. Examples of explicit costs include broker fees, transaction taxes and custody fees. Implicit costs cannot be observed in the same way but do have an impact on fund performance. Examples of implicit costs include bid-offer spreads and market impact.

These costs are incurred every time a fund manager makes a trade within that fund and are intended to improve investment returns, reduce risk, or contribute to the smooth running of a fund. Some costs will be cognisant of market conditions (e.g. some active investment decisions), and some costs are in respect of decisions not linked to market conditions. These costs will continue in the future.

The table below sets out the annual transaction costs for each fund within the default and self-select range over the 12 months to 31 March 2025.

| Fund | Transaction costs (ongoing frictional p.a. %) |
|---|---|
| **Mouchel Global Equity Fund** | **0.03** |
| **L&G Multi Asset Fund** | **0.03** |
| **L&G Sterling Liquidity Fund** | **-0.06** |
| L&G Global Equity Fixed Weights (50:50) Fund | 0.04 |
| L&G Future World Annuity Aware Fund | 0.00 |
| L&G Cash Fund | 0.07 |
| HSBC Islamic Global Equity Fund | 0.01 |
| BlackRock Over 5 Years Index-Linked Gilts Fund | -0.08 |

*Source: Fidelity (transaction costs, as at 31 March 2025).*

Below is an illustrative example of the cumulative effect over time of the application of charges and costs on the value of a member's accrued rights. The example outlines the effects of fund charges (the TERs above) and transaction costs (also above) across the Scheme's fund range.

| Projected pension pot, in today's terms | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Years | Default Lifestyle | | Mouchel Global Equity Fund | | L&G Multi Asset Fund | | L&G Sterling Liquidity Fund | |
| | Gross of all charges | Net of TER and lifestyling costs | Gross of all charges | Net of TER and buy/sell costs | Gross of all charges | Net of TER and buy/sell costs | Gross of all charges | Net of TER and buy/sell costs |
| 1 | £26,200 | £26,100 | £26,200 | £26,100 | £25,100 | £25,100 | £24,600 | £24,500 |
| 3 | £28,500 | £28,400 | £28,500 | £28,400 | £25,400 | £25,200 | £23,900 | £23,700 |
| 5 | £31,100 | £30,800 | £31,100 | £30,800 | £25,600 | £25,300 | £23,200 | £23,000 |
| 10 | £38,600 | £37,700 | £38,600 | £37,700 | £26,300 | £25,600 | £21,500 | £21,100 |
| 15 | £47,800 | £46,300 | £47,800 | £46,300 | £26,900 | £25,900 | £20,000 | £19,400 |
| 20 | £57,400 | £54,900 | £59,300 | £56,700 | £27,600 | £26,100 | £18,600 | £17,800 |
| 25 | £64,700 | £61,200 | £73,500 | £69,600 | £28,200 | £26,400 | £17,300 | £16,400 |
| 30 | £68,400 | £63,900 | £91,100 | £85,300 | £28,900 | £26,700 | £16,000 | £15,100 |
| 35 | £70,100 | £64,600 | £112,900 | £104,600 | £29,700 | £27,000 | £14,900 | £13,900 |
| 40 | £71,300 | £64,900 | £139,900 | £128,300 | £30,400 | £27,300 | £13,800 | £12,700 |

| Projected pension pot, in today's terms | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Years | L&G Future World Annuity Aware Fund | | L&G Cash Fund | | BlackRock Over 5 Years Index Linked Gilts Fund | | L&G Global Equity Fixed Weights (50:50) Fund | |
| | Gross of all charges | Net of TER and lifestyling costs | Gross of all charges | Net of TER and buy/sell costs | Gross of all charges | Net of TER and buy/sell costs | Gross of all charges | Net of TER and buy/sell costs |
| 1 | £25,700 | £25,600 | £24,600 | £24,500 | £26,200 | £26,200 | £25,700 | £25,600 |
| 3 | £26,900 | £26,800 | £23,900 | £23,700 | £28,500 | £28,400 | £26,900 | £26,800 |
| 5 | £28,300 | £28,000 | £23,200 | £22,900 | £31,100 | £30,900 | £28,300 | £28,000 |
| 10 | £31,900 | £31,300 | £21,500 | £21,000 | £38,600 | £38,000 | £31,900 | £31,300 |
| 15 | £36,000 | £35,000 | £20,000 | £19,300 | £47,800 | £46,800 | £36,000 | £34,900 |
| 20 | £40,600 | £39,200 | £18,600 | £17,700 | £59,300 | £57,600 | £40,600 | £39,000 |
| 25 | £45,800 | £43,800 | £17,300 | £16,200 | £73,500 | £70,900 | £45,800 | £43,600 |
| 30 | £51,600 | £49,000 | £16,000 | £14,900 | £91,100 | £87,300 | £51,600 | £48,700 |
| 35 | £58,200 | £54,800 | £14,900 | £13,700 | £112,900 | £107,500 | £58,200 | £54,300 |
| 40 | £65,700 | £61,300 | £13,800 | £12,600 | £139,900 | £132,300 | £65,700 | £60,700 |

| Projected pension pot, in today's terms | | |
|---|---|---|
| Years | HSBC Islamic Global Equity Fund | |
| | Gross of all charges | Net of TER and lifestyling costs |
| 1 | £25,700 | £25,600 |
| 3 | £26,900 | £26,600 |
| 5 | £28,300 | £27,700 |
| 10 | £31,900 | £30,700 |
| 15 | £36,000 | £34,000 |
| 20 | £40,600 | £37,700 |
| 25 | £45,800 | £41,800 |
| 30 | £51,600 | £46,300 |
| 35 | £58,200 | £51,300 |
| 40 | £65,700 | £56,800 |

*The above illustrations have been prepared with due regard to the Department for Work and Pensions' guidance ("Cost and charge reporting: guidance for trustees and managers of occupational schemes"), published in October 2021.*

**Notes:**

- Values shown are estimates and are not guaranteed;
- Transaction costs used are an average of previous years' transaction costs (up to 5 years);
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation;
- Assumes inflation of 2.5% per annum;
- Assumes charges in future years are equal to charges today (transaction costs are shown in the table above);
- Assumes a member is aged 25 years old now and retires at age 65;
- Assumes a member salary of £25,000 in Year 0, increasing at 1% per annum above inflation;
- Assumes zero member contributions, given the Scheme is closed
- Assumes an initial pot size of £25,000;
- Figures are rounded to the nearest £100
- The accumulation rates used, are set out below and have been derived in accordance with AS TM1 5.0

| Fund | 2024 Nominal gross accumulation rate (%) |
|---|---|
| Mouchel Global Equity Fund | 7.0 |
| L&G Multi Asset Fund | 3.0 |
| L&G Sterling Liquidity Fund | 1.0 |
| L&G Cash Fund | 1.0 |
| L&G Global Equity Fixed Weights (50:50) Fund | 5.0 |
| L&G Future World Annuity Aware Fund | 5.0 |
| HSBC Islamic Global Equity Fund | 5.0* |
| BlackRock Over 5 Years Index Linked Gilts Index Fund | 7.0 |

*Source: Aon (SMPI Assumption rates, as at 31 March 2024). The rates reflected above are nominal expected returns gross of fees.*

**Note: For member illustrations, a 5% nominal accumulation rate was used as a proxy.*

### 4.7. 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. The assessment is prescribed by legislation and must include the following:

- a comparison against three larger schemes ('comparator schemes') of the costs and charges paid by members and performance of the funds that members are invested in, and
- an assessment by the Trustee of the quality of the administration, governance, and member communications of the Scheme.

The comparator schemes are the Aegon Master Trust, the National Employment Savings Trust, and the Smart Pension Master Trust.

A summary of the assessment that took place in September 2025 is provided below. The Trustee concluded that overall, the Scheme is well run for its size and profile and the costs and charges paid by members offer good value relative to the benefits of Scheme membership.

**(i) Net investment returns**

This is the return on funds after costs and charges have been allowed for. These returns have been compared to those that members may have achieved in the comparator schemes over one and five years.

The Scheme's default arrangement compares well against the comparator schemes defaults arrangements. The majority of the Scheme's self-select funds also compared well, however there were three funds that delivered lower returns; part of this being due to the funds not being a like for like comparison across comparator schemes.

**(ii) Cost and charges**

The cost and charges for the main DC section are competitive relative to those for similar funds in the comparator schemes. In particular, the assessment showed that the costs and charges members pay in the Scheme default arrangement are lower than the average costs and charges across the comparator schemes.

Solely on a cost and charges basis, the With Profit fund does not offer value for money against the comparator schemes. However, as the comparator schemes do not offer With Profit funds, the comparison has been made against multi asset funds with similar asset allocations, as required under the regulations.

**(iii) Scheme governance**

The Trustee considers the governance arrangements that are in place to be robust, with the right structures to support effective management of risks. The Trustee also has the required processes in place to identify and manage any conflicts of interest.

**(iv) Investment governance**

The Scheme offers a default lifestyle strategy that targets drawdown at retirement and a number of self-select funds covering a range of member risk profiles and asset classes. The investment funds available have been designed, following advice from the Scheme's investment adviser, with the specific needs of members in mind. All investments are reviewed quarterly to ensure they continue to meet their objectives and be suitable for members.

**(v) Administration**

The Trustee has processes in place to oversee the administration function and receives management information on a quarterly basis. The Trustee is satisfied that the administrator has sufficient checks in place to monitor and report on the standard of the administration service and to ensure that when administrative errors do occur, members are not disadvantaged as a result.

**(vi) Member Communications**

The Trustee considers communications issued to members to be relevant, clear, and easy to understand and believe the Scheme's communications help members better understand their DC pension savings and take appropriate actions.

### 4.8. Trustee knowledge and understanding

The Scheme's Trustee Directors are required to maintain appropriate levels of knowledge and understanding. During the Scheme Year, the Trustee Directors have ensured their knowledge and understanding is up to date as follows:

- Trustee Directors are required to complete the Pension Regulators' Toolkit within six months of being appointed, and review this on an ongoing basis to ensure their knowledge remains up-to-date;
- Trustee Directors are aware that they must be conversant with the trust deed and rules of the Scheme, the statement of investment principles, the statement of funding principles, and the Trustee's policies on matters relating to the administration of the Scheme generally (for example its Independent Dispute Resolution Policy, Conflicts of Interest Policy, and Terms of Reference for sub-committees). The Scheme uses an online storage site via which the Trustee Directors have access to these documents electronically;
- the Trustee Directors are aware that they must have sufficient knowledge of the law relating to pensions and trusts and the principles relating to the funding of occupational pension schemes and the investment of the assets of such schemes. Advisers regularly provide training to the Trustee Directors. There is an annual review of Trustee knowledge to identify any gaps in knowledge and plan to reduce them and Trustee Directors retain a training log to assist with this review;
- relevant advisers are in attendance at each meeting who can explain and provide information on topics under discussion, either specific to the Scheme or in respect of pension or trust law, to allow the Trustee to make appropriate decisions;
- there is a regular agenda item that covers current pension issues at quarterly Trustee meetings;
- the training plan includes topics relating to projects and activities that are forthcoming in the Trustee's business plan and which will require the involvement of the Trustee Directors; and
- The Trustee Directors have completed an effectiveness survey to consider the effectiveness of the Board as a whole.

The Trustee Directors are encouraged to seek training opportunities outside meetings if there are sessions available that would be beneficial. For example, the Scheme's actuary and legal advisers run seminars which some Trustee Directors have attended through the year.

The Trustee Directors have demonstrated their knowledge of the law, funding principles, and relevant documentation throughout the year. For example, in undertaking actuarial valuations, considering benefit queries and addressing data protection issues.

The Scheme also benefits from the expertise of its Professional Trustee Chair, Vidett Trustee Services Limited, represented by James Double and Curtis Mitchell. James and Curtis are able to draw from experience in their role as a trustee for other pension schemes and are accredited Professional Pension Trustees. James and Curtis also have a specific understanding of the Scheme in line with the other Trustee Directors.

Taking the knowledge of the Trustee Directors, with the specialist advice received from the appointed professional advisers (e.g. investment consultants, legal advisers), the Trustee believes it is well placed to properly exercise its functions as Trustee of the Scheme.

James Double

**Signed by James Double**
**Trustee Chair of the Mouchel Business Services Limited Pension Scheme (Money Purchase Section)**

**Date:** 7 October 2025