

The Ardtornish Farm Pension Scheme (1981) (the “Scheme”)

Annual Governance Statement for the Scheme Year ending 30 April 2021 prepared in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the “Regulations”)

1. DEFAULT ARRANGEMENT

The Scheme is administered by Utmost Life and Pensions (“Utmost”) on a day-to-day basis, with the Scheme assets being invested within the Scheme’s default portfolio with Utmost. The Trustees have prepared a formal default arrangement Statement of Investment Principles.

The Scheme is currently in the course of being wound up, with winding-up having commenced with effect from 5 March 2021. Currently, the Scheme has three Members.

The Scheme has been used as a Qualifying Scheme for auto-enrolment purposes (in terms of the Pensions Act 2008), but (reflecting it being in wind up) is not used for those purposes in respect of ongoing service.

The aims and objectives of the default arrangement are noted below (with further details outlined in the Statement of Investment Principles).

- ▶ To maximise the return on the assets at an acceptable level of risk.
- ▶ Having an asset allocation aligned to the agreed risk profile.
- ▶ Ensure there is sufficient liquidity to meet any liabilities as they arise.

The investment manager selection of the default funds is overseen by Utmost.

The Trustees review and consider the performance of the default arrangements regularly. In the context of the Scheme being wound up, those reviews did not give rise to a change to the default investment position in the year to 30 April 2021.

2. CORE FINANCIAL TRANSACTIONS

The requirements of regulation 24 of the Regulations have been met and core financial transactions have been processed promptly and accurately.

The scope of Utmost’s engagement by the Trustees includes it processing core financial transactions, which include the investment of contributions, rebalancing member allocations within the default arrangements, transfers out of the Scheme and disinvestment of Member funds at retirement. The Trustees regularly review the movement of units within the Scheme and also reviews any significant disinvestments made from the Scheme to ensure transactions are processed timely and accurately.

The Trustees are satisfied that core financial transactions have been completed in a timely manner, accurately and within the parameters of the terms of Utmost’s engagement.

They include Utmost processing as quickly as possible any switch or payment requests received, aiming to complete payments within 5 days, where possible.

The Trustees consider that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996) have been met.

3. CHARGES AND TRANSACTION COSTS

The Scheme assets are investment in default arrangements with Utmost, to which an Annual Management Charge of 0.75% is applied, reflecting the statutory charge cap that applies to arrangements such as the Scheme.

There are no explicit transaction costs, as all costs are built into the Annual Management Charge.

When assessing value for money, the Trustees have considered various factors such as form of investment management, investment performance, design of default and Scheme administration. The Trustees have concluded that, in the context of the Scheme's winding up, no changes to the Scheme investment strategy are required at this time.

4. CUMULATIVE EFFECT OF CHARGES

The compounding effect of charges that are taken out of a member's fund over a period of time can reduce the amount available to the member at retirement. The Trustees have set out below illustrations of the impact of charges.

Illustrations for an "Sample" member		
	Default Strategy	
Years from now	Before charges	After charges deducted
1	£25,750	£25,557
3	£26,324	£26,127
5	£26,911	£26,709
6	£27,491	£27,285
10 (retirement)	£30,025	£29,800

Assumptions
As each member has a different amount of savings within the Scheme and the amount of any future investments returns and charges cannot be known in advance, the Trustees had to make some assumptions about what these might be. The above illustrations have been produced for a "sample" Member of the Scheme based broadly on the Scheme's membership data. The "Default Strategy" illustration assumes the Member's asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the Member's assets are invested in those funds up to the Scheme retirement age. The results are presented in real terms, i.e. in today's money, to help Members have a better understanding of what their pension pot could buy in today's terms, should the funds be invested as shown.

Age	55 years (<i>sample age of Scheme's membership</i>)
Scheme Retirement Age	65
Starting Pot Size	£25,000 (<i>sample fund size of the Scheme's membership</i>)
Estimated future nominal returns on investment:	3.0% p.a.

The "Before charges" figures represent the savings projection assuming an investment return with no deduction of charges. The "After charges deducted" figures represent the savings projection using the same assumed investment return but after deducting charges. The illustration is based on the default portfolio. Values shown are estimates and are not guaranteed.

The Trustees will continue to review the suitability of the illustration assumptions with regard to the duration, pot size and estimated returns to ensure that these are reflective of the scheme demographics and default portfolio.

Although no formal value for money assessment has been carried out over the reporting period, the Trustees have a good understanding of the membership demographics of the Scheme and as such has a view as to what good Member outcomes should look like for the Scheme's Members in aggregate. The Trustees understand that value for money does not necessarily mean selecting the cheapest offer and in our ongoing reviews of value for money we consider many factors including quality of customer service, member communications and support, the efficiency of administration services, the robustness of scheme governance, fund management and performance of the funds. With this in mind, the Trustees have assessed the fees disclosed above and we are satisfied that we have negotiated a good deal for members and that the stated explicit charges for the Scheme's funds represent good value for money in the context of the outcomes targeted by such funds and the current market rates for similar investments levied on members of schemes with a similar membership profile.

The Trustees will continue to review value for money and will report on the revised costs, services and performance of the new default portfolio in the Annual Governance Statement for the Scheme year ending 5 April 2022.

The Trustees have liaised with the principal employer to set up processes to publish relevant information on the costs and charges of the default arrangement and will notify members about this in their annual benefit statements.

5. TRUSTEE KNOWLEDGE AND UNDERSTANDING

The Trustees are mindful of developing the required level of knowledge and understanding introduced in the Pensions Act 2004. The Trustees receive advice from professional advisers, and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance and selecting new advisers.

The Trustees have suitable experience to enable them to properly exercise their functions as Trustees of the Scheme. They 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, calling upon their professional advisers as appropriate.

Taking account of actions taken individually and as a Trustee body, and the professional advice available to them, the Trustees consider that they can properly exercise their functions as Trustees of the Scheme.


6. GOVERNANCE STATEMENT

As Trustees of the Scheme, we have reviewed and assessed our systems, processes and controls across key governance functions, and we are satisfied that these are consistent with those set out in The Pensions Regulator's "Code of Practice 13. Governance and administration of occupational defined contribution trust-based schemes and regulatory guidance for defined contribution schemes".

They are underpinned by the DC quality features set out by The Pensions Regulator.

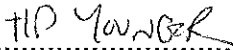
Based on our assessment, we believe that we have adopted the standards of practice set out in the DC Code of Practice 13 and associated DC regulatory guidance.

This Annual Governance Statement regarding DC governance was approved by:



..... (Director)

f. Chair of Trustee



.....
Name

**for The Smith Trustee Company Limited,
as trustee of the Ardtornish Farm Pension Scheme (1981)**

20 December 2021

(as updated on21 JUNE..... 2022)