

Vedius Pension Trust (the "Scheme")

Annual Governance Statement for the Scheme Year ending 31 March 2025

Trustees are required to prepare a statement showing how they have met certain minimum governance standards in relation to defined contribution benefits. The Scheme is a Defined Contribution arrangement.

The minimum governance standards cover five principal areas relating to the Scheme's defined contribution benefits, namely:

- the default investment arrangements and any other investment options where applicable,
- processing of core financial transactions,
- calculating member borne charges and transaction costs and explaining how they represent value for money for the members and
- the level of the trustees' knowledge and understanding
- enhanced value for money test which involves assessing the quality of the administration and governance of the scheme against seven key metrics and comparing the scheme's costs & charges and net returns against 3 other schemes.

In addition, I have reported on the suitability of the Scheme's investments.

As Chair of the Scheme, on behalf of Vidett Governance Services Limited ('VGS') I have to report on how the Trustee complies with these minimum standards and have done so below. As will be seen, with one exception, it is the Trustee's opinion that the Scheme does not comply with any of the minimum governance standards due to the way the Scheme was established and run by predecessor trustees up to 19 April 2024 when VGS was appointed to be the Trustee by The Pensions Regulator. The exception is that the Trustee has a high level of knowledge and understanding of how the Scheme should be run.

Default Arrangements

A default arrangement is an investment strategy chosen by the Trustee in which members' funds are invested if they do not wish to make their own choice of investments. It would normally reflect a conservative approach, based on investing in assets expected to give returns in excess of inflation up to, say, 10 years from a member's expected retirement date at which point investments would be moved into less volatile assets such as cash and bonds as a member nears retirement. An analysis of the membership of the Scheme would usually be undertaken to determine the most suitable default arrangement for the Scheme.

The Scheme has no default arrangement and has no plans for one given the nature (ie the illiquidity and irrecoverability) of its current investments.

All members originally had their funds invested in the following underlying assets:

- 7IM AAP Balance Mutual Fund
- Oaksmore Heritage Property Limited Partnership
- Alpine Hotel Investment (No2) Limited Partnership
- La Rosiere Hotel Limited Partnership
- The Freshers PBSH - Chester Exempt Property Unit Trust

The 7IM AAP Balance Mutual Fund was fully disinvested in November 2023 and the proceeds subsequently transferred out of the Scheme in wind up, to individual buy-out policies with Aviva.

Suitability of Investments and Core Financial Transactions

The Trustee is required to explain how it ensures that core financial transactions for the Scheme are processed promptly and accurately.

Each member's funds have been invested in the assets set out in the section above. In the opinion of the Trustee, apart from the 7IM AAP Balance Mutual Fund which has now been fully disinvested, none of the other investments offered to members were investments which were suitable for the Scheme as they were highly illiquid (ie not easily realisable for cash) and carried far more risk than was appropriate for a pension scheme of this type. The Trustee has serious concerns that the Scheme's assets have lost significant value.

The Trustee has been gathering information relating to the investments and continues to work towards realising what value remains in the assets when this can be achieved.

Following the Trustee's appointment, the Scheme no longer accepts contributions or transfers in and, due to the issues outlined in this statement regarding the investments, has been unable to pay any member benefits including transfer values.

No benefit statements are being issued to members due to the lack of information on the value of investments.

Assessment of member-borne charges and transaction costs

In accordance with regulations 25(1)(a) of the Administration Regulations, the Trustee is required to report on the charges and transaction costs and their assessment of the extent to which these charges and costs represent good value for money. This is normally important because the transaction costs and charges borne by the members directly impact on their pension savings. For this reason, the Trustee keeps the level of these under regular review.

The costs of the Trustee and other adviser costs associated with running the Scheme and investigating its history will need to be met from the Scheme and this will mean that there will be some substantial charges to be levied against members' funds when they are realised.

Due to the nature of the Scheme's investments and the unknown level of the future costs in running the Scheme, the Trustee is unable to provide an example illustration which shows the impact on pension savings of expenses in accordance with regulations 23(1)(ca) of the Administration Regulations, as inserted by the 2018 regulations.

Trustee Knowledge and Understanding

The Trustee has in-depth knowledge of the trust deed and rules. VGS was appointed to the Scheme by The Pensions Regulator because it is an independent professional trustee company that is on The Pension Regulator's register and has evidenced the ability to deal with the challenges faced by schemes of this nature.

As Chair I am a professional trustee, have completed The Pensions Regulator's Trustee Toolkit and regularly receive CPD from pension experts, seminars and conferences. The wider Trustee team carries out a similar role for other occupational schemes and also undergoes training from VGS's internal resources. As such, the requirement under section 248 of the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Scheme year by the Trustee.

Enhanced value for money test

We are aware of the requirement to assess the quality of the administration and governance of the Scheme against seven key metrics and comparing the Scheme's costs & charges and net returns against 3 other schemes.

However, as this Scheme is a TPR appointment and we have confirmed the Scheme fails the VFM tests, as outlined above, the trustee has agreed there is no value spending more of the Scheme's funds in undertaking this analysis.

Exemptions to DC Code of practice no.13

As the Scheme is in wind up, the Scheme is closed to further contributions and does not accept any more contributions in. Contributions received since the Scheme entered wind up, which have been paid in error, will be refunded.

The Scheme has more than 100 members so is required to have a Statement of Investment Principles. The previous Trustees did produce a SIP in April 2021 which remains in place at the present time. As this Scheme is a TPR appointment and we have confirmed the Scheme fails the VFM tests and all remaining assets are inappropriate and illiquid, as outlined above, the Trustee has agreed there is no value spending more of the Scheme's funds on a revised Statement of Investment Principles at this time.

Signed for and on behalf of VGS as the Trustee of the Vadius Pension Trust

James Double

James Double

Chair of the Trustee

19 September 2025