



MENCAP PENSION PLAN (“the Plan”) - CHAIR’S ANNUAL STATEMENT SEPTEMBER 2025

1. Introduction

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

- the investment options in which members’ funds are 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.

This statement covers the period from 1 April 2024 to 31 March 2025 and represents the tenth Chair’s Statement since the new rules were introduced, to be appended to the Annual Report and Accounts.

The Plan was set up on 1 January 1978 and is governed by the replacement Second Definitive Trust Deed that came into force on 30 July 2014, and subsequent Deeds of Amendments.

For the record, this Annual Statement regarding governance has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715) as amended by subsequent Regulations.

2. Default investment arrangements

The DC section of the Plan commenced in April 2002.

From 1 April 2019, the Plan has been used as a qualifying scheme for auto enrolment purposes.

Members who join the Plan and who do not choose an investment option are placed into the Standard Income Drawdown Lifestyle, the “default arrangement.”

The Trustee is responsible for the Plan’s investment governance, which includes setting and monitoring the investment strategy for the Plan’s default arrangement. Details of the objectives and the Trustee’s policies regarding the default arrangement can be found in a document called the ‘Statement of Investment Principles’ (“SIP”). The Plan’s SIP covering the default arrangement is attached to this annual statement regarding governance as Appendix 1.

The Trustee decided that the default arrangement should be a lifestyle strategy, which means that members’ contributions are automatically moved between different funds as they approach their selected retirement date (also known as Target Retirement Date or “TRA”).

The main objective of the default arrangement is to provide a suitable investment strategy to help deliver good member outcomes at retirement.

The Trustee believes that it is in the best interests of the majority of members to offer a Default Arrangement which:



- Manages the main investment risks members face during their membership of the Plan;
- Gives good member outcomes at retirement by maximising investment returns relative to inflation while taking an appropriate level of risk for the majority of members who do not make investment choices;
- **Reflects members' likely benefit choices at retirement;** and
- **Reflects members' attitude towards ESG investing.**

The Trustee believes that the default arrangement is appropriate for the majority of the Plan's members because when the default arrangement was designed (and as it has evolved), the Trustee has considered **a number of aspects of the Plan's membership including:**

- The age and salary profile;
- The level of income in retirement that members are likely to need; and
- **Members' likely benefit choices at and into retirement.**

Due to the pension freedoms that came into force from 6 April 2015, the Trustee reviewed the Plan and replaced the previous single Lifestyle option with four new Lifestyle choices, from 1 June 2015, which are designed to align with the different ways members are able to take their DC account at retirement. As part of this review, the Trustee agreed that the Standard Income Drawdown Lifestyle Fund would be the default fund. This fund is made up of a blend of four underlying funds, which include the Mencap Cash Fund, Mencap Corporate Bond Fund, Mencap Diversified Growth Fund (DGF) and the Mencap Global Equity Fund.

In doing so, the Trustee considered the membership profile of the Plan, the risk profile and number of investment funds offered, the changing long-term investment market conditions, the investment products and techniques available in the marketplace. In addition, the Trustee considered the extent to which the return on investments relating to the default arrangement (after deduction of any charges relating to those investments) is consistent with their investment aims and objectives for it and agreed **that the fund is broadly suitable for a majority of the Plan's members.**

The Trustee reviewed the DC investment options again in June 2017, to ensure they continue to be fit for purpose and are providing good value. They felt that all but the DGF was performing satisfactorily. As the DGF makes up at least one-third of the default strategy as well as the majority of the assets are held within it, the Trustee decided to look at alternatives for this fund. Based on this review, the Trustee agreed to change the makeup of the DGF to consist of two funds - 50% BlackRock DC Diversified Growth Fund (BlackRock), so retaining some of the existing fund, and 50% Schroder Dynamic Multi-Asset Fund (DMAF) (which changed its name to Schroder Sustainable Future Multi-Asset Fund (SFMAF) on 1 April 2022). Over the longer term, the Trustee believes that this combination will provide similar returns to the previous DGF, but over shorter periods, returns should be smoother. As part of this review, the Trustee also agreed to delay the start of the de-risking period from Global Equities by 5 years so that it starts **15 years prior to members' TRA (rather than 20 years)**, allowing members to be in the growth phase for longer.

In late 2019, the Trustee reviewed the funds again and agreed to change the make-up of the 30/70 Global Equity Fund in order to improve performance of the growth phase of the lifestyle strategy. This involved replacing the Mencap 30/70 Global Equity Fund with a blend of 50% BlackRock MSCI World Index Currency Hedged Fund plus 50% Schroder Sustainable Global Multi Factor Equity Fund. The new fund is called Mencap Global Equity Fund and due to the Covid-19 pandemic and the volatility of the market, the change was delayed and implemented on 28 September 2020.



In mid-2022, the Trustee reviewed the funds as part of the latest review as there was a demand from the membership for more access to ESG funds. Within this review, the Trustee reviewed member feedback, investment performance, and **investment modelling looking at members' outcomes on retirement.**

At its meeting, on 1 September 2022, the Trustee agreed to add three more ESG funds to invest on a free-style basis and to update the make-up of the Global Equity and Diversified Growth Funds which impact the members' growth and consolidation phases. The Global Equity fund is now made up of 50% each of Schroder Sustainable Global Multi-factor Fund and the LGIM Future World Global Equity Fund (GBP Hedged). The Diversified Growth fund is now made up 50% each of Schroder Sustainable Future Multi-Asset Fund and the LGIM Future World Multi-Asset Fund. The Trustee believes that the LGIM funds provide **long-term investment growth while reflecting significant ESG issues into the fund's strategy.** In addition, it was agreed to change the de-risking of the lifestyle glidepath to commence from 10 years (previously 15 years) for those who had not started their de-risking journey, as the analysis showed that retaining exposure to Global Equities in member accounts for longer is estimated to help them build a bigger pot before retirement. Those who were already in their de-risking journey will remain on 15 years.

These changes came into effect from 1 November 2022.

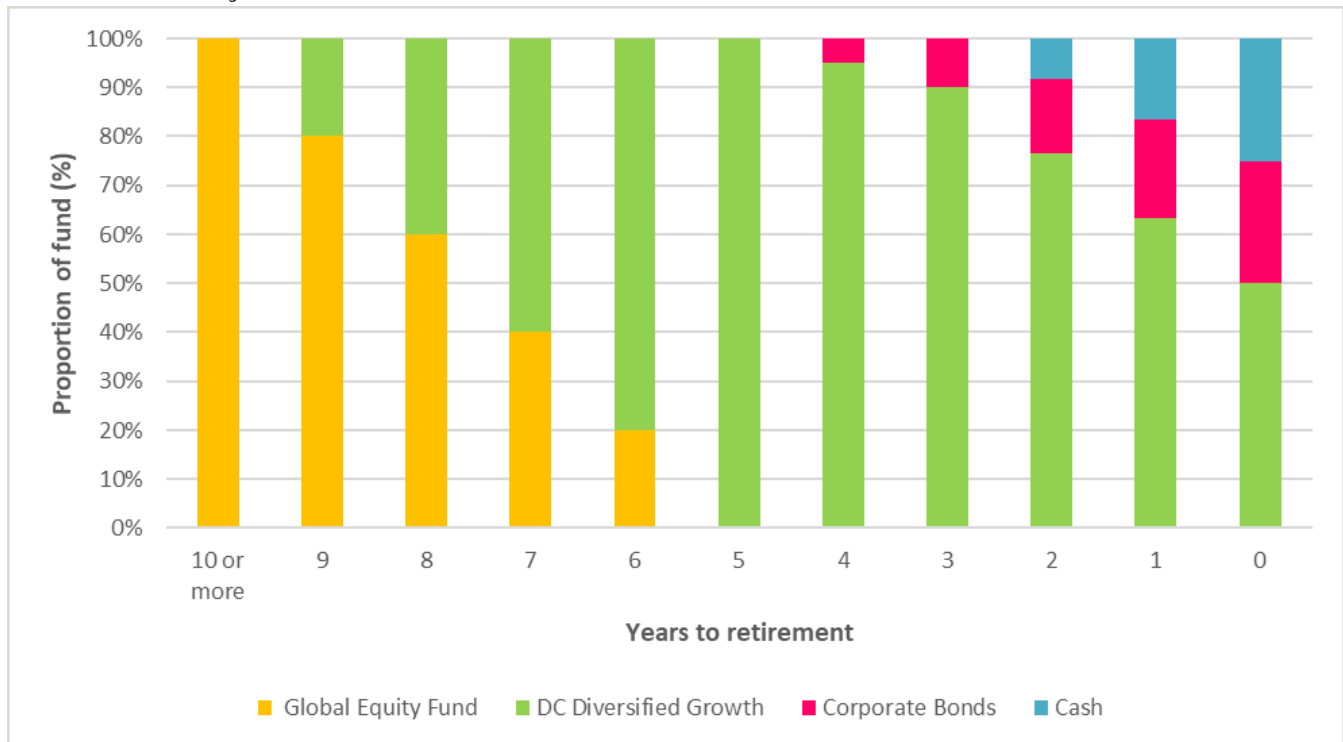
The Trustee regularly monitors the performance of the default arrangement and will formally review both this and the strategy at least every three years. The next review was intended to take place by June 2025. **However, this has been superseded by Royal Mencap Society's decision to transfer all DC funds held** within this Plan to the Aegon Master Trust. This transfer was achieved in September 2025, and there now remain no DC funds within this Plan. Hence the Trustee will not be undertaking any further review of the DC funds (this will now be the responsibility of the Aegon Mastertrust Trustee going forward).

Prior to the transfer, the Trustee was satisfied that the default remained appropriate for to the makeup of the membership.

In addition to the strategy, the Trustee also reviewed the performance of the default arrangement against their aims, objectives, and policies on a quarterly basis, up to and including September 2025. This review includes an analysis of fund performance and member activity to check that the risk and return levels meet expectations. Future reviews under this Plan will cease going forward, now that no DC assets remain in this Plan.



The make-up of the default fund over the year in question, and up to September 2025, Standard Income Drawdown Lifestyle Fund, is set out below:



Asset allocation disclosure

The following table shows the asset allocation for the Plan’s default arrangement, for members of different ages, as at 31 March 2025. The asset allocation disclosure meets the DWP’s statutory guidance “Disclose and Explain asset allocation reporting and performance-based fees and the charge cap” as at January 2023.

Asset class	Percentage allocation – average 25 y/o (%)	Percentage allocation – average 45 y/o (%)	Percentage allocation – average 55 y/o (%)	Percentage allocation – average 60 y/o (%)	Percentage allocation – average 1 day prior to retirement (%)
Cash	0%	0%	0%	6%	28%
Bonds	0%	0%	0%	43%	47%
Listed equities	100%	100%	100%	40%	20%
Private equity	0%	0%	0%	1%	1%
Infrastructure	0%	0%	0%	3%	1%
Property / real estate	0%	0%	0%	3%	1%
Private debt / credit	0%	0%	0%	0%	0%
Other assets	0%	0%	0%	4%	2%
Total	100%	100%	100%	100%	100%

Source: Aegon. Note: The asset allocation figures presented have been calculated from the fund allocations detailed in the respective fund factsheets as of 31 March 2025.

For members whose asset allocation at the selected age on the default glidepath involves multiple funds, we have determined the overall asset allocation based on the proportion of assets held in each fund.



3. Investment performance

The presentation of the investment performance considers the statutory guidance issued by the Department for Work and Pensions. The Trustee has followed the statutory guidance in all areas.

3.1 Investment conditions

Global growth over the last year varied among major economies but proved stronger than widely anticipated. The US economy expanded strongly through 2024, fuelled by robust consumer demand although momentum slowed in Q1 2025 as a result of high borrowing costs and cooling labour markets (whereby the supply of jobs exceeds the demand). The UK saw modest growth, while the Eurozone's expansion was constrained by persistent manufacturing weakness despite strengths in services.

Headline inflation in the US, UK and eurozone fell throughout the year, settling at 2.4%, 2.6% and 2.2% respectively. Central Banks responded cautiously by cutting interest rates. The US Fed lowered rates by 1% p.a. easing to 4.25-4.5%, and the ECB by 1.5% to around 2.5%. while the Bank of England moved more tentatively, reducing rates more gradually by 0.75% citing inflation concerns. Elsewhere, the Bank of Japan raised rates by 0.4% to 0.5%.

Global equities rose over the year by 8%, although the first 3 months of 2025 saw market volatility brought about by trade policy uncertainties, tariff concerns, and shifting investor sentiment. Emerging markets and Asia equities outperformed other regions, supported by policies announced by Chinese authorities in mid-2024 and renewed optimism towards Chinese technology stocks. UK equities outperformed due to financial sector strength and US equities benefited from consumer resilience, yet European stocks lagged amid caution in luxury sectors.

In bond markets, US 10-year bond yields and prices remained broadly level over the period. German yields rose (prices fell) as investors anticipated more bonds being issued following government spending on defence and infrastructure. UK 10-year bond yields also rose (prices fell), influenced by higher projected government bond issuance announced in the Autumn Budget.

Investment-grade credit spreads fell (prices rose) in Europe reflecting growing optimism about fiscal support across the region, whereas US speculative-grade spreads noticeably widened (prices fell), signalling caution towards lower-rated issuers.

3.2 Default arrangement

Over the year to 31 March 2025 the funds used in the Plan's default arrangement saw investment returns as follows:

Ticker	Share-class	Inception	1 Year (%)	5 Year (%)	10 Year (%)	20 Year (%)
DCCFGP-M1	Mencap Cash Class M1	28/2/2013	1.86	2.19	N/A	N/A
DC15CBI-M1	Mencap Corporate Bond Class M1	30/4/2015	-5.00	-5.78	N/A	N/A
SHR_ZSGMEN	Mencap Diversified Growth Class M1	28/2/2013	3.57	5.24	N/A	N/A
DCMCGEM1	Mencap Global Equity Class M1	31/8/2020	5.77	N/A	N/A	N/A
DCLGP-M1	Mencap Pre-retirement Class M1	28/2/2013	-3.51	-5.37	N/A	N/A

Source: Aegon. Note: 10 and 20 year figures not available as funds have not been in place to cover those periods.



As the default arrangement uses a lifestyle strategy, the investment return varies depending on your age and how far you are from your selected retirement age as set out below:

Age of member in 2025 (years)	1 year (%)	5 years (p.a.) (%)	10 years (p.a.) (%)	20 years (p.a.) (%)
25	5.77	N/A	N/A	N/A
45	5.77	N/A	N/A	N/A
55	5.77	N/A	N/A	N/A
60	3.57	5.24	N/A	N/A

Source: Aegon. Note: Only 1 year returns can be provided for members aged 25, 45 and 55 as this is the only past performance available for the default fund which includes the Global Equity fund. Only 1 and 5 year returns can be provided for the member aged 60 as this is the only past performance available for the default fund which includes the Diversified Growth fund.

The Trustee is satisfied that most funds used by the default arrangement have performed in line with their objectives. Where there have been deviations over the longer term, the Trustee is comfortable with the rationale behind these deviations. In the case of the Diversified Growth fund, this is due to the fact the objective has more exposure to equities than the fund and over the last 3 years, equities have outperformed bond like assets.

3.3 Other investment options

The Trustee is satisfied that most funds used by the other investment options have performed in line with their objectives.

Self-select lifestyle options

Over the year to 31 March 2025, the funds used in the alternative lifestyle options saw investment returns as follows:

Cash lifestyle

Ticker	Share-class	Inception	1 Year (%)	5 Year (%)	10 Year (%)	20 Year (%)
DCCFGP-M1	Mencap Cash Class M1	28/2/2013	1.86	2.19	N/A	N/A
SHR_ZSGMEN	Mencap Diversified Growth Class M1	28/2/2013	3.57	5.24	N/A	N/A
DCMCGEM1	Mencap Global Equity Class M1	31/8/2020	5.77	N/A	N/A	N/A

Source: Aegon. Note: 10 and 20 year figures not available as funds have not been in place to cover those periods.

As the cash lifestyle uses a lifestyle strategy, the investment return varies depending on your age and how far you are from your selected retirement age as set out below:

Age of member in 2025 (years)	1 year (%)	5 years (p.a.) (%)	10 years (p.a.) (%)	20 years (p.a.) (%)
25	5.77	N/A	N/A	N/A



45	5.77	N/A	N/A	N/A
55	5.77	N/A	N/A	N/A
60	3.57	5.24	N/A	N/A

Source: Aegon. Note: Only 1 year returns can be provided for members aged 25, 45 and 55 as this is the only past performance available for the default fund which includes the Global Equity fund. Only 1 and 5 year returns can be provided for the member aged 60 as this is the only past performance available for the default fund which includes the Diversified Growth fund.

Annuity purchase lifestyle

Ticker	Share-class	Inception	1 Year (%)	5 Year (%)	10 Year (%)	20 Year (%)
DCCFGP-M1	Mencap Cash Class M1	28/2/2013	4.86	2.19	N/A	N/A
SHR_ZSGMEN	Mencap Diversified Growth Class M1	28/2/2013	3.57	5.24	N/A	N/A
DCMCGEM1	Mencap Global Equity Class M1	31/8/2020	5.77	N/A	N/A	N/A
DCLGP-M1	Mencap Pre-retirement Class M1	28/2/2013	-3.51	-5.37	N/A	N/A

Source: Aegon. Note: 10 and 20 year figures not available as funds have not been in place to cover those periods.

As the annuity purchase lifestyle uses a lifestyle strategy, the investment return varies depending on your age and how far you are from your selected retirement age as set out below:

Age of member in 2025 (years)	1 year (%)	5 years (p.a.) (%)	10 years (p.a.) (%)	20 years (p.a.) (%)
25	5.77	N/A	N/A	N/A
45	5.77	N/A	N/A	N/A
55	5.77	N/A	N/A	N/A
60	3.57	5.24	N/A	N/A

Source: Aegon. Note: Only 1 year returns can be provided for members aged 25, 45 and 55 as this is the only past performance available for the default fund which includes the Global Equity fund. Only 1 and 5 year returns can be provided for the member aged 60 as this is the only past performance available for the default fund which includes the Diversified Growth fund.

Adventurous lifestyle

Ticker	Share-class	Inception	1 Year (%)	5 Year (%)	10 Year (%)	20 Year (%)
DCCFGP-M1	Mencap Cash Class M1	28/2/2013	4.86	2.19	N/A	N/A
SHR_ZSGMEN	Mencap Diversified Growth Class M1	28/2/2013	3.57	5.24	N/A	N/A
DCMCGEM1	Mencap Global Equity Class M1	31/8/2020	5.77	N/A	N/A	N/A



Source: Aegon. Note: 10 and 20 year figures not available as funds have not been in place to cover those periods.

As the adventurous lifestyle uses a lifestyle strategy, the investment return varies depending on your age and how far you are from your selected retirement age as set out below:

Age of member in 2025 (years)	1 year (%)	5 years (p.a.) (%)	10 years (p.a.) (%)	20 years (p.a.) (%)
25	5.77	N/A	N/A	N/A
45	5.77	N/A	N/A	N/A
55	5.77	N/A	N/A	N/A
60	3.57	5.24	N/A	N/A

Source: Aegon. Note: Only 1 year returns can be provided for members aged 25, 45 and 55 as this is the only past performance available for the default fund which includes the Global Equity fund. Only 1 and 5 year returns can be provided for the member aged 60 as this is the only past performance available for the default fund which includes the Diversified Growth fund.

Net investment performance of the non-default funds over several periods of time to 31 March 2025 are shown in the Appendix 4.

4. Requirements for processing core financial transactions

The Administrators of the DC Section of the Plan are Aegon Workplace Investing (Aegon).

4.1 Core financial transactions

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include (but not limited to):

- Investment of contributions;
- **Transfer of members' assets to and from the Plan;**
- Switching between investments within the Plan; and
- Payment out of the Plan to members/beneficiaries.

4.2 Service levels

During the year, the Trustee ensured that core financial transactions of the Plan were processed promptly and accurately by:

- Having an agreement with Aegon committing them to a defined service level agreement (SLA) which covers timeliness and accuracy. For example, all activities involving core financial transactions have an SLA of 5 working days. The target for timeliness agreed with Aegon is 95%+.
- Having an agreement in place to ensure contributions are paid by the Employer within 5 working days from pay date and invested by Aegon within 5 working days from receipt. During the period these were paid and invested on time.
- Ensuring the processes adopted by Aegon include daily monitoring of bank accounts, a well-resourced team to process all transactions on time, segregation of duties and robust checking of investment and banking transactions.
- Receiving a report at the end of each quarter on **Aegon's** performance against the SLAs. The report also includes details of all financial transactions.



- The SLAs together with all aspects of the service are monitored each quarter at the DC sub-committee meetings, which were held on 16 May 2024, 3 September 2024, 14 November 2024 and 28 February 2025
- **Aegon's service levels** during the period, were Q1 92%, Q2 93%, Q3 97% and Q4 97%. The Trustee was satisfied that service had recovered and stayed consistent throughout the period with core financial transactions were being prioritised in the usual way.
- Following up any issues via an actively managed action list. There were no known issues with core financial transactions during the period.
- Having sight of **Aegon's** annual assurance report on its internal controls.
- Ensuring robust processes and quality assurance are in place to ensure that the transfer of assets relating to members into and out of the Plan, transfer of assets relating to members between different investments within the Plan and payments from the Plan to, or in respect of, members are completed accurately and in a timely manner.
- During the period there were 4 complaints of which all were upheld. All 4 related to delays and where required Aegon ensured that member did not incur any financial loss. All these complaints were resolved in a timely manner and there were no outstanding complaints at the end of the period under review.
- Ensuring the members with AVC policies receive an annual governance statement from Standard Life.

In addition, intermittent calls are held with the administrators, to ensure smooth running of the administration.

4.3 Data quality

Each year the Trustee receive reports from Aegon to confirm that they have undertaken an audit of the **Plan's common data (which is the key data needed by the Plan to calculate members' benefits such as dates of birth)**, to ensure that the records for all members are accurate and up to date.

The last data quality audit was undertaken in October 2024. This showed that common data was present for 88% of membership. The missing data was addresses, and the Trustee agreed to an annual tracing exercise to keep addresses up to date on an ongoing basis. For the Conditional Data checks, no exceptions were identified and therefore a result of 100%.

4.4 Cyber security

The Trustee is conscious of the growing threat of cyber-attacks on pension scheme information. Each year the Trustee ask Aegon to confirm that their cyber security arrangements are effective and up to date. The Trustee expects that Aegon will report any security breach immediately and ensure that members are notified as soon as possible.

The Trustee has implemented a Cyber/Data Incident Response plan including an Incident Response Team which has been shared with Aegon.

4.5 Own Risk Assessment (ORA)

Each year the Trustee carries out an assessment of the effectiveness of the controls which are in place to manage the risks faced by the Plan. The Trustee is in a good position to complete the requirements of the General Code and have conducted a gap analysis for this purpose. The first ORA for the Plan is due in 31 March 2026.



4.6 Overall

The Trustee receives quarterly reports about the administrator's performance and compliance with the SLA. Using information provided by the administrator, the Trustee is satisfied that over the period covered by this statement:

- The administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- All core financial transactions were processed promptly and accurately;
- There have been no material administration errors in relation to processing core financial transactions;
- The wider administration of the Plan achieved the agreed service standards;
- The Plan's common data is accurate and up to date;
- The Plan's cyber security arrangements are effective.

4.7 Security of Assets

The situation regarding the security of where pension contributions are invested is complex. It can vary from scheme to scheme and from fund to fund within each scheme. To-date there have only been a few instances where members of schemes such as ours have seen their benefits reduced as a result of a financial failure of a provider or fund manager.

The Trustee believes that the current structures are appropriate for members when compared to other possible structures.

5. Member-borne charges and transaction costs

The Trustee is required to set out the ongoing 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 via the price of the funds. The presentation of the charges and costs, together with the projections of the impact of charges and costs, considers the statutory guidance issued by the Department for Work and Pensions.

The Trustee is also required to disclose transaction cost figures that are borne by members separately. **The funds' transaction costs are in addition to the funds' TERs and can arise when:**

- The fund manager buys or sells part of a fund's portfolio of assets; or
- The platform provider or fund manager buys or sells units in an underlying fund.

Transaction costs vary from day to day depending on where each fund is invested and stock market conditions at the time. Transaction costs can include custodian fees on trades, stockbroker commissions and stamp duty (or other withholding taxes).

Transaction costs are deducted before the funds' unit prices are calculated. This means that transaction costs are not readily visible, but these costs will be reflected in a fund's investment performance.

The Financial Conduct Authority ("FCA") requires fund managers and providers to calculate transaction costs using the "slippage method," which compares the value of assets immediately before and after a transaction has taken place. This can give rise to negative transaction costs where favourable stock



market movements during a transaction offset the rest of the trading costs (such as stockbroker commission).

Aegon, **who are the Plan's platform** provider, has supplied the charges and transaction costs. There is no missing transaction cost data for the Aegon funds.

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

Over the year in question, the Plan was a qualifying scheme for auto-enrolment purposes and the member borne charges for the default arrangement complied with the charge cap during the year covered by this Statement.

5.1 Performance based fees

There were no performance-based fees which were deducted from the default arrangement during the Plan Year.

5.2 Default Arrangements

The current default fund is Standard Income Drawdown Lifestyle Fund and was introduced from 1 June 2015. **The default arrangement has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date.** This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement date.

For the period covered by this statement, default arrangement charges (ranging from £3.70 per £1,000 invested to £6.30 per £1,000 invested) and transaction costs (ranging from £0.15 per £1,000 invested to £1.99 per £1,000 invested) were as follows:

Years to target retirement date	TER (%) p.a.	Total transaction costs (%) p.a.
10 or more years until retirement (Consisting of 100% Global Equity Fund)	0.54	0.150
Between 9 to 6 years until retirement (Gradually phasing out of Global Equity Fund to the Diversified Growth Fund at 10% each year)	0.54 - 0.63	0.150 - 0.199
5 Years until retirement (100% in the Diversified Growth Fund)	0.63	0.199
Between 4 years until retirement up to at-retirement (Gradually phasing in Corporate Bonds and Cash)	0.37 - 0.63	0.015 - 0.199

Source: Aegon

The member borne charges for the **Plan's** default arrangement complied with the charge cap during the year.

5.3 Self-select options

In addition to the default arrangement, members also have the option to invest in three other lifestyles, targeting annuity purchase, cash withdrawal, adventurous drawdown and several other self-select funds.



The charges applicable to all other funds available through the Plan are attached as Appendix 2. The Corporate Bond Fund was added to the portfolio on 1 June 2015. The 30/70 Global Equity Fund was replaced by the Global Equity Fund in September 2020.

Three new ESG funds were added for members to invest on a free-style basis on 1 November 2022. These are Aegon Baillie Gifford Positive Change (BLK), Aegon Schroder Sustainable Multi-factor Equity (BLK) and Aegon LGIM Future World Global Equity Index (BLK).

5.4 Additional Voluntary Contributions (AVCs)

Assets in respect of members' AVCs under the DB Section are invested in a range of 'with profits' and 'not with profits' investment options with Standard Life. These AVC arrangements are reviewed periodically to ensure that the investment profile of the options available remains consistent with the objectives of the Trustee and the needs of the members. No new monies have been invested in these funds since 2009 and, as at 31 March 2025, 11 deferred members have AVC pots with Standard Life across 8 funds. The Trustee has requested that Standard Life confirm the total value of transaction costs over the Plan year, and these have been included in appendix 2. The trustee is also undertaking a review of these funds which will be completed by 31 October 2025.

5.5 Transaction costs

The funds' transaction costs are in addition to the fund's TERs and arise when:

- the fund manager buys or sells part of a fund's portfolio of assets; or
- the platform provider or fund manager buys or sells units in an underlying fund.

Transaction costs vary from day to day, depending on where each fund is invested, and the stock market conditions at the time. Transaction costs can include custodian fees on trades, stockbroker commissions and stamp duty (or other withholding taxes).

Transaction costs are considered **when the funds' unit prices are calculated. This means that transaction costs are not readily visible, but these costs will be reflected in a fund's investment performance.**

The FCA requires fund managers and providers to calculate transaction costs using the 'slippage method,' which compares the value of assets immediately before and after a transaction has taken place. This can give rise to negative transaction costs where favourable stock market movements during a transaction offset the rest of the trading costs (such as stockbroker commission).

The transaction costs for all the funds as at 31 March 2025 are shown at the bottom of Appendix 2.

The charges and transaction costs borne by members in respect of each individual fund throughout the Plan year, shown on Appendix 2, have been prepared having taken account of statutory guidance.

5.6 Impact of Cost of Charges

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 asked Aegon, the Plan's administrator, to illustrate the impact over time of the costs and charges borne by members.

The illustration and the assumptions are set out in Appendix 3.

These illustrations show projected fund values in today's money before and after costs and charges, based on the average age of a member within the Plan, which is age 47, to the retirement date of age 65.



The illustration shows these figures for the default arrangement, the Standard Income Drawdown Lifestyle investment option, as the majority of members are invested in it. It also shows the Mencap Cash and Mencap Ethical Equity Index funds to show the asset classes with the lowest and highest assumed growth.

As an example, for the same member, the level of charges and costs seen in the last year would reduce their projected pot value at age 65, **in today's money**, from £100,666.75 to £92,889.48. In the case of the Mencap Cash fund and the Aegon Bailey Gifford Positive Change, **the projected pot value in today's money** would reduce from £94,023.62 to £90,547.34 and from £103,261.33 to £96,928.15, respectively.

Please note that these illustrated values have been prepared based on statutory guidance. These values are not guaranteed and therefore may not be a good indication of how a **member's** savings might grow. **Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.**

6. Value for money

The Trustee's assessment of the extent to which the charges and transaction costs represent good value for members is based on the analysis of the biggest impact on member benefit outcome. Therefore, the greatest focus is on the following areas:

- fund charges (these are built into the price and the TER range from 0.37 to 0.83. Members do not pay anything in addition);
- investment defaults; ranges and added value;
- communications and on-line functionality;
- at retirement options and processes;
- administration; and
- special projects costs and risks.

The Trustee believes that the charges and transaction costs borne by members combined with the other features of the Plan represent good value for members. The platform fee on all funds including the Schroder SFMAF was reduced by 0.05% from 30 March 2018. At the time, the total saving from these changes was around £17,000 p.a. across the Plan. As part of its regular investment monitoring, the Trustee looks at value for money in relation to investment charges for each fund on a biannual basis. The last review showed that given the size of the Plan, members were overall receiving good value for money.

There are robust SLAs in place with the administrator and adherence monitored quarterly, to ensure member transactions and queries are dealt with in time and accurately.

Members receive regular communication from the administrator as well as fliers to think about upcoming retirement from 16 years to Normal Retirement Date. The administrator also hosts an online portal where members have real time information of their account, a pension calculator/modeller, Q&A videos, web chat functionality and online forms. Members have access to Personalised Video Summaries, which gives a three-minute clip of fully personalised, real-time information to bring their retirement savings to life, as well as an App that enables them to track their accounts and conduct transactions.

The Trustee has access to regular governance report via Member Insights to help understand and analyse the member data so that improvements can be made in some areas and target communication. Data for deferred members are also included in these reports.

The Trustee issues a newsletter each year and the last one was issued in September 2024. This covered information about fund performance, actively managing pension pots and responsible investing.



The Trustee do not expect to issue a newsletter in 2025 as the scheme closed to new members and contributions on 1 April 2025. The Trustee is in the process of transferring the accrued asset to the new provider, Aegon Master Trust, and hope to have this completed in September 2025. The Trustee has issued a number of communication to members **including one month's notice of the proposed transfer in accordance with legislative requirements which apply where transfers of members' benefits are to be made without individual consent.**

Based on the above assessment, the Trustee has concluded that the Plan offered good value for members over the year in question, and continuing up to the point of transfer to the Aegon Master Trust.

7. Trustee's knowledge and understanding

The Trustee are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. **Section 247 and 248 of the Pensions Act 2004 requires that each Trustee Director must:**

- Be conversant with the Trust Deed and Rules of the Plan, the **Plan'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 Plan generally; and
- Have, to the degree that is appropriate for the purposes of enabling the individual to properly exercise his or her functions as a Trustee Director, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustee has put measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the conversance and knowledge and understanding requirements have been met during the period covered by this statement are set out below.

The Trustee, with the help of their advisors, regularly consider training requirements to identify any knowledge gaps. The investment advisors of the Trustee proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The advisors would typically deliver training on such matters at Board meetings if they were material. During the period covered by this statement, the Trustee received training on the following topics: ESG, engagement, stewardship and climate change, Economic outlook and impact on DC scheme, Data breach and cyber security, ESG and manager selection criteria, DC Investment outlook for 2025.

In addition, the Trustee understands it is important to maintain a reasonable knowledge of ongoing developments and current issues, which will allow them to have a good level of general awareness of pension related matters, which may not be specific to the Mencap Pension Plan. They do this by reading the updates and bulletins issued by their advisors **as well as the pension's press, which are sent to them regularly.**

All Trustee Directors are familiar with and have access to copies of the **Plan's current** governing documentation, including the Trust Deed and Rules (together with any amendments), the SIP and key policies and procedures via SharePoint. In particular, the Trustee refers to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan and, where relevant, deciding individual member cases. The SIP is formally reviewed annually and as part of making any change to the **Plan's** investments and was last updated on May 2024 and included as Appendix 1. This was to include the changes which had been implemented as part of the investment strategy review (inclusion of more ESG funds and the change in de-risking period for the default arrangement).



Further, the Trustee Directors consider that they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

All the Trustee Directors are required to commit to completing the training, either at the relevant meetings or by personal study. All the Trustee Directors have completed the **Pensions Regulator's Trustee Toolkit**. The most recently appointed Member Nominated Director completed the toolkit within 6 months of being appointed.

Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration and during the Scheme year.

A questionnaire is used to carry out a needs basis of the Trustee knowledge and to help to identify training needs. A training log is maintained in line with best practice and the training programme is reviewed in December each year to ensure it is up to date. Additionally, the Plan has in place a structured induction process for any new Trustee Director. The Board has a good range of skills across the board including pension governance, financial, investment, communication as well as a professional Trustee Director. A questionnaire was issued in August 2025 and a training plan will be prepared later this year.

The Trustee Board also carry out a regular evaluation via a questionnaire of the performance and effectiveness of the Board as a whole as measured against the objectives of the business plan. The results are collated and discussed with an action plan to improve if any gaps are identified. The last one was carried out in January 2023, and it was agreed to wait until the General Code is issued to prepare a plan of action. The next review will be in 2026 and will conclude by December 2026.

The **Plan's advisors** are present at meeting where relevant items to them are being discussed. Therefore, **the Plan's** DC investment consultant is present when DC related matters are addressed.

Considering the knowledge and experience of the Trustee Directors with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g., investment consultants, legal advisors), the Board believe they are well placed to exercise their functions as Trustee of the Plan properly and effectively.



During the period covered by this Statement, the Trustee received DC related training on the following topics:

Date	Topic	Aim/benefit	Trainer
21 May 2024	DC Investment strategy	To understand the strategy and monitor performance	DC Investment consultant
18 January 2025	Legal update on closure of DC section to further contributions and new entrants	To prepare for the closure of DC Section	Osborne Clarke (the Trustee Lawyers)
18 January 2025	Considerations of moving to a Master Trust	To prepare for the move to a Master Trust	Osborne Clarke (the Trustee Lawyers)
4 March 2025	DC Investment strategy relating to transfer of assets	To ensure that the assets are transferred to similar funds	DC Investment consultant
4 March 2025	Legal aspects of moving to a Master Trust	To consider all aspects of closing the DC Section and moving accrued assets to a Master Trust	Osborne Clarke (the Trustee Lawyers)

The Trustee reviews the effectiveness of its advisors annually and periodically reviews the appointment of its advisors. The Trustee undertook the following reviews during the last year:

Date	Type of Review
July 2024	Review of the ESOG gap analysis
Dec 2024	Effectiveness of advisors (next review due December 2025)
Dec 2024	Annual review of AAF report, cyber security assurance of DC provider
July 2025	ESOG and ORA implementation – where we are

7.1 Overall

Taking into account the knowledge and experience of the Trustee Directors with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisors), the Trustee Directors believe they are well placed to exercise their functions as Trustee Directors of the Plan properly and effectively.

8. Missing information

The Trustee is satisfied that they have obtained full information on charges and transaction costs.

9. What do you need to do next?

This report is for noting. You do not need to take any action.

If you have any questions or require any further information you should contact the Mencap Pensions team on 0207 696 5587 or email pensions@mencap.org.uk

This report can be found on <https://www.mencap.org.uk/about-us/mencap-pension-plan>. Members will be notified of how to access this document via the site with their benefit statements which are being issued in September 2025.

Please note that for security purposes the signed version of the Statement is saved offline. For those wishing to view this version, please contact the pension team on 0207 696 5587.



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Keith Lewis, Chair of the Board of Trustees
Mencap Pension Trustee Limited

30 September 2025