

Pension Update

FOR MEMBERS OF THE UNIPART GROUP RETIREMENT BENEFITS SCHEME

Welcome

to this year's update from the Trustee of the Unipart Group Retirement Benefits Scheme.

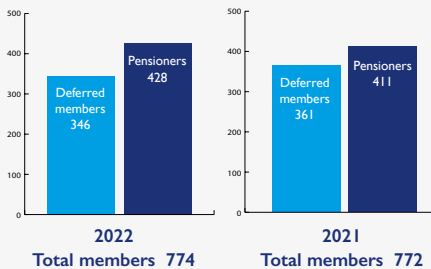
As you will read in this update and may have seen in the press, there was considerable investment market volatility last year, particularly in the autumn after the 'mini-budget'. Whilst the Scheme's assets did fall in value over the year, the cost of providing pensions, also referred to as the value of the Scheme's liabilities, fell by considerably more (see page 2 for more detail). As a result, the net impact for the Scheme was very positive (see Funding position summary below for more detail).

I hope that the information in this newsletter is useful and if you have any questions, please contact the Trustee via the Scheme Administrator:



John M Neill CBE, Chair of the Trustee

Membership



Funding position summary

The Scheme's ability to meet its obligation to pay benefits to members now and in the future remains strong. We issued a Summary Funding Statement to all members earlier this year that provided the details, but in short the Scheme's funding position improved markedly over 2022, with a funding level of 85% and much smaller shortfall of £15.1m. You can view the latest Summary Funding Statement via the Pension Portal at <https://portal.hartlinkonline.co.uk/unipart>

Investment & strategy changes

The Trustee, with the assistance of its appointed investment adviser, determines the overall investment strategy for the Scheme, and this is recorded in the Statement of Investment Principles (SIP), which was updated in March 2023. You can find a copy of the latest SIP on the Trustee website and a summary of the target strategy is shown on page 2 of this report.

The Trustee introduced an allocation to multi-asset credit over the year. At a meeting in May 2022, the Investment Committee agreed to make a 6% allocation to the M&G Alpha Opportunities Fund. This was ratified by the full Trustee Board in June 2022. The Trustee expects to reduce the allocations to asset-backed securities, absolute return bonds, private credit and opportunistic credit in the near future to fund the strategic allocation to multi-asset credit. The SIP was updated to take account of these changes. In addition, and taking advantage of the opportunities presented by the market volatility, the Investment Committee purchased an additional 10% of index-linked gilts in October 2022 to bring the Schemes holding back up towards the strategic allocation.

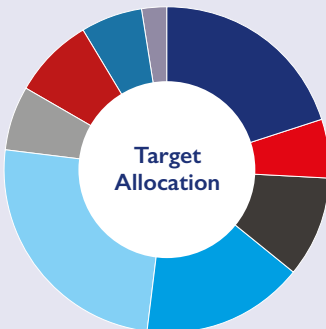
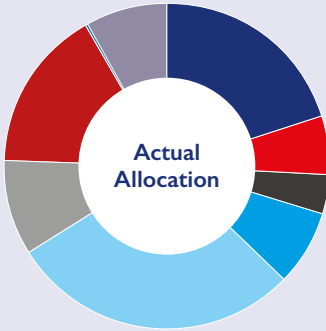
Investment & financial update

Transfer values

As a result of the improved funding level, there is currently no reduction being applied to cash equivalent transfer values (CETVs).

The position is reviewed each quarter by the Scheme Actuary, thus CETV reductions may be reintroduced by the Trustee in the future, if appropriate to do so.

How are the assets invested?



Index-linked gilts	Private credit
Diversified growth	Opportunistic credit
Absolute return bonds	Multi-asset credit
Asset-backed securities	Cash/other
Real assets	

Financial summary

	Total £'000
Value of assets at 1 January 2022 (DB only)	96,962
MONEY PAID IN	
Employer contributions	668
Transfers in	469
Total income	1,137
MONEY PAID OUT	
Benefits paid to members	(6,140)
Administration expenses	(506)
PPF levy	(305)
Total expenditure	(6,951)
RETURNS ON INVESTMENT	
Investment income	3,331
Change in market value of investments	(8,184)
Investment management expenses	(443)
Net investment returns	(5,296)
Increase/(decrease) to the Scheme	(11,110)
Value of assets at 31 December 2022 (DB only)	85,852

If you would like a copy of the full audited accounts, please contact the Scheme Administrator, Capita.

Investment performance

Total investment return at 31 Dec 2022

1 year	3 years
-5.6%	3.9%

Whilst the 1-year performance was disappointing, resulting in a 5.6% reduction in the Scheme assets, this was more than compensated by a 26% reduction in the Scheme liabilities over the same period.

News

Capita data breach

As you may have seen in the news, our third-party administrator, Capita, experienced a cyber-attack in late March 2023, whereby cyber criminals gained unauthorised access to some of Capita's data. This attack affected a large number of Capita's clients, of which the Scheme was unfortunately one.

The data stolen largely affected pensioner (including pensioner dependants) members of the Scheme and the Trustee has written to all affected members with a summary of their personal data that was affected.

The Trustee can assure all members that your pension and the payment of your pension is not affected by this attack and data breach.

Market volatility

There was considerable investment market volatility last year, particularly in the autumn after the mini-budget. The media reported it as being necessary to 'save pension funds from going bust'. As this is a complex area of investing, the media reporting tended to be one-sided, not considering how the increase in gilt yields at the time actually reduced pension scheme liabilities (because of the way gilts are used in the pensions industry). The impact of this market turmoil was positive for the Scheme, with the Scheme's funding position being well ahead of the expected position at 31 December 2022.

Women's State pensions

If you're a woman who reached State Pension Age before 2016, check if you're entitled to a higher State Pension. It has come to light that the Department for Work and Pensions underpaid many women who should have received something extra based on their husband's National Insurance record.

You can find out more at

<https://pensionunderpaid.lcp.uk.com>

Changes to tax allowances

In March 2023, the government announced changes to the pensions tax allowances.

Annual Allowance

The Annual Allowance (the amount that you can build up each year in all your registered pension schemes) increased to £60,000 from 6 April 2023.

If you are a high earner, you may have a reduced Annual Allowance, known as the 'Tapered Annual Allowance'. From 6 April 2023, the minimum Tapered Annual Allowance is £10,000.

You may also have a reduced Annual Allowance of only £10,000 if you've started to access benefits flexibly from a defined contribution or 'money purchase' pension scheme.

Note that these changes do not affect allowances for the 2022/23 tax year.

Lifetime Allowance

The government has announced plans to abolish the Lifetime Allowance (the maximum amount of pension benefits you can build up tax-efficiently over your lifetime) from 6 April 2024.

Legislation has already been introduced to prevent individuals being liable to the Lifetime Allowance charge from 6 April 2023 onwards. Further changes are expected to support the removal of the Lifetime Allowance altogether from 6 April 2024. You can find out more at www.gov.uk/tax-on-your-private-pension and you should seek financial advice if you need any advice on the impact to your personal situation.

GMP update

The Trustee has commenced work on the Guaranteed Minimum Pension (GMP) project, which includes the requirement to equalise any GMP as a result of the High Court ruling. The GMP project is a complex, multi-stage project and as a result, it will take a number of years for the entire project to be completed.

@ Pensions Portal

You can register and log in to the member website at: <https://portal.hartlinkonline.co.uk/unipart>

Here you can update your personal details and download an Expression of Wish form.



Trustee website

www.unipartpensions.com

Run by the Unipart Group Pensions Team on behalf of the Trustee, this website includes useful information about the Unipart Pension Schemes, including the Statement of Investment Principles and other documents.

Keep in touch

If you have any queries about your benefits, please contact the Scheme Administrator, Capita.



Call us: 0344 391 2421



Email us: unipart@capita.com



Write to us:

Capita
PO Box 555
Stead House
Darlington DL1 9YT

Remember to let us know

If you move house or any of your personal details change, please don't forget to tell us so we can keep in touch with you about your pension.

If you no longer work for the Company, we need your current address so that we can pay your benefits when they are due.

About the Trustee

The Scheme is run by a corporate trustee called UGC Retirement Benefits Pension Trustees Limited, which currently has five Trustee Directors, who are known as the Trustees.

John M Neill (Chair)

Mark Dessain

Darren Leigh

Tom Johnstone*

Amanda Wyner* (to 31 May 2022)

PSGS Trust Corporation Ltd

*Member-nominated Trustee Director

Secretary to the Trustee Company

Tanya Russell

Head of Group Pensions and Secretary to the Scheme

Tim Wilson

Advisers to the Trustee

Actuary

Paul McGlone FIA, Aon Solutions UK

Investment consultant

Lane Clark & Peacock LLP

Auditors

PricewaterhouseCoopers LLP

Administrators

Capita Pension Solutions Ltd

Banker

National Westminster Bank

Member-nominated Trustee – vacancy

If you would be interested in filling the member-nominated trustee (MNT) vacancy and finding out more information about the role, please contact the Unipart Group Pensions Team at group.pensions@unipart.com.