

Pension Update

FOR MEMBERS OF THE UNIPART GROUP JOINT VENTURE SCHEME
KAUTEX UNIPART LTD SECTION

2023

Welcome

to this year's update from the Trustee of the Unipart Group Joint Venture Scheme.

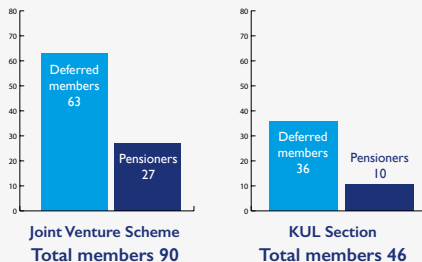
As you will read in this update and may have seen in the press, there was considerable investment market volatility last year, particularly in the autumn after the 'mini-budget'. Due to the strong funding position of the Section, the Scheme's investment strategy has been designed to move broadly in line with the movements in the Scheme's liabilities (the liabilities are the total cost of the pension benefits to be provided to all members). The investments and strategy has worked as expected during this period, and whilst the Section (and Scheme) assets decreased in value over the year, the fall in value was broadly in line with the fall in value of the Section (and Scheme) liabilities. Please see page 2 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.

P.M. Dessain

Mark Dessain, 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. The latest funding check-up as at 31 December 2022 showed that the Section's funding level has improved by around 6% since the 2021 valuation, and the surplus has increased by £0.2m. You can view the latest Summary Funding Statement via the Pensions Portal at <https://portal.hartlinkonline.co.uk/unipart>

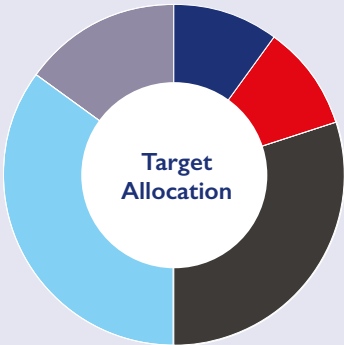
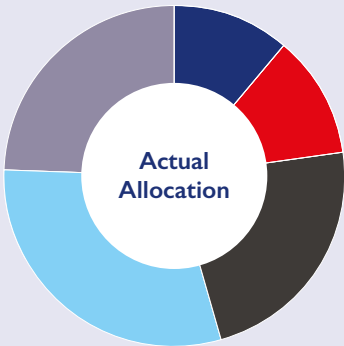
Investment & strategy changes

The investment objective of the Scheme is to maintain a portfolio of suitable assets which will generate investment returns to meet, together with future contributions, the benefits that are due to members. Taking advice from its investment adviser, the Trustee sets the investment strategy, which is recorded in a formal document called the Statement of Investment Principles (SIP). You can find a copy of the SIP on the Trustee website.

Due to the Scheme's strong funding position, the Trustee agreed to de-risk the investment strategy over the year and increase the level of interest rate and inflation hedging. The Trustee also agreed to transfer the Scheme's equity holdings to Legal & General's Low Carbon Global Equity Index range and hedge approximately 50% of the overseas currency exposure within the equity portfolio back to Sterling. The SIP was updated to take account of these changes.

Investment & financial update

How are the assets invested?



- L&G Low Carbon Global Equity Index GBP Hedged
- L&G Low Carbon Global Equity Index
- L&G Buy and Maintain Credit
- LDI and Cash
- CBRE Global Alpha

Financial summary

	KUL Section £'000	Total £'000
Value of assets at 1 January 2022	8,542	16,570
MONEY PAID IN		
Employer contributions	102	236
Total income	102	236
MONEY PAID OUT		
Benefits paid to members	(73)	(182)
Transfers out	-	-
Administration expenses	(90)	(184)
Total expenditure	(163)	(366)
RETURNS ON INVESTMENT		
Change in market value of investments	(3,071)	(5,939)
Investment income	59	117
Investment management expenses	(6)	(12)
Net investment returns	(3,018)	(5,834)
Increase/(decrease) to the Scheme	(3,079)	(5,964)
Value of assets at 31 December 2022	5,463	10,606

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
-35.5%	-7.9%

Whilst the 1-year performance appears disappointing, this needs to be considered against the movement in the value of the Scheme liabilities over the same period, which was -38.7%.

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).

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 JV Pension Trustees Limited, which currently has three Trustee Directors, who are known as the Trustees.

Mark Dessain (Chair)

Kevin Hutchens*

Amanda Wyner - resigned 15 March 2022

Tim Wilson - appointed 15 March 2022

Vacancy - KUL MNT*

*Member-nominated Trustee Director

Secretary to the Trustee

Tanya Russell

Head of Group Pensions

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.