

The Thomson-Leng Provident Fund (“the Fund”)

CHAIRMAN’S ANNUAL GOVERNANCE STATEMENT FOR PERIOD 1 APRIL 2025 TO 31 MARCH 2026

I am pleased to present the Trustee’s annual statement of governance, covering the period 1 April 2025 to 31 March 2026. This statement describes how the Trustee seeks to ensure that the Defined Contribution (“DC”) Section of the Fund is well-managed and delivers good value to members. In doing so, we provide the various statutory disclosures required by the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended), the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 (together, the ‘Regulations’).

The statement is included in the Trustee’s Annual Report and Accounts and is published on the following website: <https://www.dcthomson.co.uk/pensions-defined-contribution/>. A link to the latest Chairman’s Statement is also included in members’ annual benefit statements.

Following the Trustee’s annual review, undertaken in conjunction with its advisers, I am happy to confirm that the Trustee has concluded that the DC Section of the Fund is well-managed and delivers good value to its members.

Executive Summary

This statement covers six key areas. These are highlighted in the summary below and full details are set out in the remainder of the statement:

1. The Fund’s default investment arrangement
 - *The default investment arrangement is the Target Drawdown Retirement Path.*
 - *Changes were made to the default investment arrangement after the Fund year-end.*
 - *The Trustee regularly considers the suitability of the default investment arrangement. The latest formal investment strategy review was completed after the Fund year-end, in October 2026.*
 - *The performance of the investment funds, including the default investment arrangement is reviewed by the Trustee at its quarterly Board meetings.*
 - *The underlying asset allocation across each of the main asset classes within the default investment arrangement and technical default investment arrangements is shown within this statement.*
2. The processing of core financial transactions
 - *The Trustee seeks to ensure such transactions are processed accurately and promptly.*
 - *Aptia is the Fund’s DC administrator and over the year the Fund’s DC assets were invested in Mercer Workplace Savings (“MWS”) governed funds, accessed on the Scottish Widows investment platform.*
 - *The Trustee is comfortable that core financial transactions were processed promptly and accurately.*
3. Charges and transaction costs within the Fund
 - *Charges borne by members are set out in Appendices 1 and 2 of the full Chairman’s statement.*

- Details of performance-based fees incurred over the year are also reported in this statement (where applicable).
- Illustrations detailing the impact of the costs and charges typically paid by members of the Fund on their retirement savings have been prepared and are set out in Appendix 3 of the statement. These illustrations are **not** guaranteed and have been prepared to show the cumulative impact that investment charges and transaction costs can have on members' fund values at retirement. They are not intended to provide information or guidance to members on whether a particular fund is best suited to their requirements.
- The illustrations are produced for example members using the Fund's membership data.
- The Trustee notes that analysis has shown an increase in active member contributions over the last two years.

4. Net investment returns

- Investment returns for the Fund's default investment arrangement, technical defaults and those self-select investment options which members were able to select over the year, after taking account of TERs and transaction costs, are set out in Appendix 4 of the statement.
- The Mercer Growth fund is the most popular investment fund, as the fund used in the early years of the default investment strategy. It delivered positive returns, outperforming its target over the year to 31 March 2026 by 5.7% (13.9% vs 8.2%). Over the medium term, the fund underperformed its target by 0.3% p.a. over the last 3 years (8.6% p.a. vs 8.9% p.a.) and by 2.1% p.a. over the last 5 years (5.3% p.a. vs 7.4% p.a.).

5. Value for Members assessment

- The Trustee has concluded, following consideration of a Value for Members assessment report from its investment adviser, that in relation to member-borne deductions, the Fund offers good value for members, based on three main areas: price, performance and productivity.
- Benchmarking by the Trustee's advisers has shown investment managers' charges for all the Fund's investment options are in the lower quartile when compared against similar funds available in the market.
- Fund performance, after the deduction of costs and charges, has been assessed as 'good', relative to benchmark/target over the periods considered. The key default strategy funds have delivered good returns, ahead of their long-term return targets over recent periods, showing the ability to respond to market conditions and perform well in improving market conditions. Longer term returns remain mixed as the funds faced headwinds as central banks sharply hiked interest rates over 2022-2023 in response to high inflationary pressures. Based on advice received from its investment adviser, the Trustee is comfortable with the performance of the investment funds in the context of broader market experience. However, the Trustee will continue to monitor performance closely.
- The Fund provides a range of additional features for members, including scheme governance and management, administration and communications. The Trustee recently introduced the Destination Retirement planning tool to help members better plan for their retirement income needs.

6. The Trustee's compliance with the statutory knowledge and understanding (TKU) requirements

- During the year, the Trustee undertook a number of training activities with regard to the DC Section of the Fund that required the Trustee Directors to give detailed consideration to pensions law and the Fund's governing documents, including the implementation of a number of new policies and procedures to formally document their "Effective System of Governance" (ESoG) as required under The Pensions Regulator's General Code of Practice and subsequently completing their first Own Risk Assessment ahead of the statutory deadline.

- *These activities and the input from their advisers helped the Trustee Directors to maintain their knowledge, understanding and familiarity with the relevant areas.*

Signature: CHW Thomson

Name: Christopher HW Thomson

**Chairman of DC Thomson & Co Pension Trustee Limited
September 2026**

CHAIRMAN'S ANNUAL GOVERNANCE STATEMENT FOR PERIOD 1 APRIL 2025 TO 31 MARCH 2026

Background

The Fund is a hybrid pension arrangement comprised of a Defined Benefit Section ("DB Section") that closed to future accrual of benefit on 31 March 2015 and a DC Section into which contributions are paid monthly. This statement is purely in relation to the DC Section.

The term 'defined contribution' means that the value of members' benefits on retirement is unknown in advance and is not guaranteed but is instead dependent on factors such as the amount of contributions paid in, investment returns earned and expenses incurred. The way in which members choose to withdraw their benefits will also have a bearing on their financial outcomes during retirement. The disclosures in this statement relate entirely to the DC Section and include those required by the Regulations.

The Trustee is committed to compliance with both the letter and spirit of the Regulations and will also seek out and implement best-practice governance arrangements where possible.

The Trustee receives substantial support from professional advisers and the pensions team at DC Thomson & Co Ltd to deal with any issues as they arise and ensure the continued ongoing development and smooth running of the Fund.

1. The default investment arrangement

The Trustee provides a default investment arrangement for members who do not make active investment decisions on where their retirement account is invested.

The Trustee's Statement of Investment Principles (SIP) dated September 2024 is attached. This covers the Trustee's aims and objectives in relation to the default investment arrangement as well as the Trustee's policies on risk and diversification. Additionally, it states why the Trustee believes that the default investment arrangement is designed in members' interests. The SIP was prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015. As of September 2026, the Trustee was consulting with DC Thomson regarding updates to the SIP to reflect changes to the investment platform, the default investment arrangement and alternative lifestyle investment options as noted below.

All DC Section assets were held on the Scottish Widows investment platform via Mercer Workplace Savings (MWS) over the year. However, following a long-term review of their investment platform providers, MWS decided to partner with a new provider, Mobius Life. As such, the Trustee agreed to transfer the DC Section assets to the Mobius Life investment platform via MWS in 2026.

MWS provides an overlay of the Fund's DC Section investments, including:

- An additional layer of ongoing governance monitoring services (i.e. of the platform provider);
- Investment governance of the platform provider's fund range;
- Investment management services via lifestyle strategies and blended fund portfolios; and
- An annual investment strategy review (in addition to the triennial statutory investment strategy review).

The Trustee regularly considers the suitability of the default investment arrangement and, while no changes were made to it over the year, the Trustee agreed to implement a number of investment changes in 2026 following proposals made by MWS.

The default investment arrangement is, and will remain, a lifestyle investment strategy after the investment changes are implemented in 2026. It automatically moves members' assets from growth-seeking assets into assets considered less volatile and is designed to be appropriate for how they are expected to take their benefits during retirement.

The default investment arrangement applicable over the year to 31 March 2026 targeted flexible withdrawal of benefits at retirement and invested 100% of members' assets in a multi-asset fund (Mercer Growth Fund), that held equities and other growth-seeking assets, up to eight years prior to their Target Retirement Age (TRA). In January of the eighth year prior to a member's TRA, the assets were switched into a target retirement fund that targeted flexible drawdown and tax-free cash withdrawal at retirement. The default TRA is 65, although members are able to select an alternative.

Whilst the target and objectives will stay the same, changes will be made to the default investment arrangement in 2026.

In addition, two alternative lifestyle investment strategies were available to members over the year to 31 March 2026 that reflect alternative ways in which members may wish to take their benefits at retirement: annuity purchase or cash. Similar changes to those being made to the default investment arrangement will also be made to these alternative lifestyles in 2026.

The Trustee recognises that members have differing investment needs and that these may change during the course of their working lives. The Trustee also recognises that members have different attitudes to risk, therefore a range of self-select funds is also available to them. These funds cater for differing objectives and attitudes to risk. Decisions on asset allocation, selection, appointment, removal and monitoring of underlying investment managers are made by MWS.

The Trustee made a number of changes to the self-select range of funds in May 2019 as part of the transition to the MWS fund range. As a result of the fund mapping exercise that accompanied these changes and since the Trustee was not required and did not obtain explicit consent from members for these switches, the following funds are classed as technical default arrangements:

- Mercer Growth Fund
- Mercer High Growth Fund
- Mercer Moderate Growth Fund
- Mercer Defensive Fund
- Mercer Diversified Growth Fund
- Mercer Active Money Market Fund

The Trustee did not formally review the investment strategy of the Fund during the Fund year. The last formal review was completed in June 2023, however, the next formal review will be completed in 2026. The 2023 investment strategy review covered the default investment arrangement, the technical default investment arrangements and the self-select investment options available to members. Following the 2023 investment strategy review the Trustee concluded that no changes should be made to the investment strategy.

The performance of the funds, including the default investment arrangement is reviewed by the Trustee at its quarterly Board meetings. The Trustee's professional advisers attend each of these meetings and present their quarterly investment reports that examine performance against benchmark to support the Trustee in monitoring whether the funds are performing in line with their objectives. The adviser's report also details factors that have impacted on performance. These performance monitoring processes were applied throughout the reporting period and showed that the default investment arrangement is performing in line with expectations, taking into account broader market experience.

The asset allocation of investments within the Fund's default investment arrangement and technical default arrangements across each of the main asset classes is shown in Appendix 5.

2. Requirements for processing core financial transactions

The Pensions Regulator defines core financial transactions as including:

- Bulk transfers in and out
- Member fund switches and redirections
- Receipt of contributions
- Investment of contributions
- Individual transfers in and out, quotations and payments
- Benefits payable on death
- Purchase of annuities and payments of lump sums

The Trustee seeks to ensure that such transactions are processed accurately and promptly. To that end, Aptia has been appointed DC Section Fund administrator and the day-to-day management of the assets was delegated to Scottish Widows via MWS. Together, Aptia and Scottish Widows had responsibility for processing core financial transactions on behalf of the Trustee over the year. The Trustee has considered the key controls operated by these organisations and has in place Service Level Agreements (SLAs) that cover the timeliness of all core financial transactions.

The requirements of regulation 24 of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 have been met and core financial transactions have been processed promptly and accurately as follows:

- The Trustee operates a system of **internal controls** aimed at monitoring the DC Section's administration and management. Included in this system are mechanisms for ensuring the prompt and accurate processing of financial transactions, including core transactions such as the payment and investment of contributions, the transfer of member assets in to and out of the DC Section and the payment of benefits on retirement.
- The Fund's **Risk Register** outlines the risks to members in relation to financial transactions with corresponding internal controls to mitigate these risks. These risks are monitored and reviewed twice yearly.
- The **Schedule of Contributions** sets out timescales for the Company to remit monthly contributions to the DC Section. The Company is responsible for ensuring that contributions in respect of active members are paid to the Fund promptly. The timing of these payments into the Fund and their subsequent investment is monitored by the Fund administrator and if payment of contributions is late, this would be flagged.
- The Trustee has delegated the **administration** of member records to a professional third-party administrator, Aptia. The Trustee has agreed SLAs with Aptia which cover core financial functions such as the investment of contributions, investment switches between funds, transfer payments and benefit payments.
- The Trustee reviews Aptia's administration reports at its quarterly Board meetings. These reports cover Aptia's performance against SLAs and compliance with statutory regulations. The reports also highlight any member cases of note and provide the Trustee with statistics in relation to members' usage of the OneView member portal and member feedback on the Aptia Customer Relations Centre.

- As part of the annual audit, the Fund Auditor checks that contributions are paid in accordance with the Schedule of Contributions. The Fund Auditor was RSM over the year.

The Trustee considered Aptia's performance against SLAs, reviewed call wait times for telephone queries and OneView usage at each meeting during the reporting period. 97.1% of SLAs for core financial transactions were met during the year ended 31 March 2026, which is lower than the previous year but still in line with the standards expected by the Trustee. The Trustee received information from Aptia on the missed SLAs, including the type of transaction involved and the timescale in which each individual case was completed. The cases which missed the SLA target principally related to settlement of retirements and transfers in and out, but no systemic issues were identified. The Trustee reviewed the causes, the length of each delay, whether members were financially disadvantaged and the actions taken by Aptia. All but six affected cases were completed within five days of the SLA target deadline and no member suffered financial loss. The Trustee continues to monitor performance through quarterly administration reporting.

The Trustee is satisfied that, over the period covered by this statement, the Fund administrator was operating appropriate procedures, checks and controls and operating within the agreed SLAs. As a result, core financial transactions were processed promptly and accurately.

Members are invited to rate and comment on the service provided by the Aptia Customer Relations Centre after each call. The average waiting times in the second half the year were longer than the first half but were not considered excessive. Furthermore, the results of the surveys were very positive throughout the year.

The Fund also utilises the Aptia self-service portal where members can raise queries online and these are fed straight into the appropriate administration team.

The Trustee, in conjunction with the DC Section administrator, continued work on a data cleanse exercise which commenced in the previous year. Members' records were updated and further activity, including address tracing, was underway at the Fund year-end.

3. Charges and transaction costs

As required by the Regulations, the Trustee is required to report on the charges and transaction costs for the investments and its assessment of the extent to which the charges and costs represent value for members.

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 (the '2018 Regulations') require schemes to provide an illustrative example of the cumulative effect of costs and charges incurred by members and publish that within seven months of the scheme year-end, free of charge and on a publicly available website.

3.1. Charges

The Annual Management Charge ("AMC") and Total Expense Ratio ("TER") payable under the default investment arrangement varies depending on the stage that each member has reached in the 'lifestyle' de-risking process. Over the year members' assets were de-risked as they approached retirement via the use of target retirement funds. The TER includes the AMC and additional expenses incurred by the investment manager such as trading fees, legal fees, auditor fees and other operational expenses.

The table in Appendix 1 shows the TERs of the funds at the Fund year-end, 31 March 2026, as provided by Scottish Widows (the investment platform provider at the year-end). The TERs are deducted through the unit prices of the various funds offered. All other governance expenses and running costs are paid by the Fund.

All of the funds have TERs that fall below the charge cap of 0.75% p.a.

The Trustee confirms that, over the year covered by this statement, no performance-based fees were incurred by members in the default investment arrangement, any of the technical default investment arrangements or self-select investment options available to members.

3.2. Transaction costs

Transaction costs are those incurred by fund managers as a result of buying, selling, lending or borrowing investments. Transaction costs are taken into account by the fund managers when calculating the unit price for each of the funds.

The transaction costs over the year to 31 March 2026 are shown in Appendix 2. These transaction costs are calculated using the prescribed 'slippage cost' method. This compares the price of the investment being traded when a transaction was executed with the price at which the transaction was requested. Market movements during any delay in transacting may be positive or negative and may also outweigh other explicit transaction costs. For this reason, overall transaction costs calculated on the slippage method can be positive or negative.

The charges and transaction costs have been supplied by the investment platform provider at the year-end, Scottish Widows.

3.3. Illustrations

Based on the statutory guidance and in accordance with the regulatory requirements, the Trustee has prepared illustrations detailing the potential impact of the costs and charges typically paid by a member of the DC Section of the Fund on their retirement savings. These illustrations are in Appendix 3. In line with statutory guidance, the illustrations are for the default investment arrangement, technical defaults and the funds with the lowest and highest charges.

The illustrations represent the youngest active and deferred member and the average active and deferred member.

4. Net investment returns

The Occupational Pensions Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 introduced new requirements for trustees of 'relevant' occupational pension schemes to calculate and publish the investment returns for a scheme's default investment arrangement, any additional technical default arrangements and those self-select investment options in which members were able to select over the year, after taking account of transaction costs and charges.

Appendix 4 provides the net investment return disclosures as at 31 March 2026. The Trustee has taken account of the statutory guidance when preparing these disclosures.

5. Value for members

The Trustee has assessed the extent to which the charges and transaction costs set out above represent value for members.

Underpinning the Trustee's assessment of value is the belief that value is about using the resources at its disposal effectively to help members achieve good outcomes for life after work. Also, while some measures of value should be scrutinised carefully over the short-term (for example, the performance of the Fund administrator), the Trustee believes that others, such as the suitability and performance of investment funds, span several years. Additionally, some components of member value can be assessed quantitatively, but those that impact on members' experience of the Fund and its services often require a more qualitative assessment.

In conjunction with its professional advisers, the Trustee completed a value for members assessment in September 2026 which covered the following aspects:

- Investment charges for the default investment arrangements, including technical defaults and self-select funds, when benchmarked against comparable funds;
- Investment performance, net of fees;
- Fund range;
- Manager research ratings assigned by the Trustee's investment advisers regarding the outlook for the funds and views on whether the funds can attain their stated objectives;
- Governance and management of the Fund, including additional benefits provided to members.

The Trustee has concluded that the DC Section offers good value for members across a range of factors.

The reasons for this conclusion include:

- Benchmarking by the Trustee's advisers has shown investment managers' charges for all the Fund's investment options in which members were invested over the year were in the lower quartile when compared against similar funds available in the market. The Mercer Shariah fund was not assessed due to insufficient comparators in the market; however, the fee was considered competitive following a fee reduction applied over the year.
- The DC Section's current main default arrangement and technical default arrangements comfortably comply with the charge cap of 0.75% per annum.
- Fund performance, after the deduction of costs and charges, has been assessed as 'good', relative to benchmark/target over the periods considered. The key default strategy investment funds have delivered good returns, ahead of their long-term return targets over recent periods, showing the ability to perform well in improving market conditions. Longer term returns remain mixed as the funds faced headwinds as central banks sharply hiked interest rates over 2022-2023 in response to high inflationary pressures. Based on advice received from its investment adviser, the Trustee is comfortable with the performance of the funds in the context of broader market experience. However, the Trustee will continue to monitor performance closely.
- The top-level funds used by the DC Section are not assessed by Mercer's research team, but the underlying constituent funds are all highly rated, indicating above-average prospects of outperformance (active funds) or tracking (passive funds).
- Members are also in receipt of additional benefits, including:
 - The Trustee Board's advisory costs are borne entirely by the Fund.
 - Members bear the investment fees whilst the Fund meets other general running costs such as communication, governance and administration costs.
 - The MWS service includes access to a market-leading investment platform and highly rated investment funds. It also includes ongoing monitoring and oversight of the investment platform. In addition, the service includes the provision of annual reporting to the Trustee on the investment platform service delivery, its compliance with future regulatory changes and future proposition development plans.
 - The efficiency of the administration processes and the Trustee and Company's governance of the services.

- The wide-ranging support and governance of the Fund from the Trustee, the Company pensions team and the Trustee's professional advisers.
- Access to OneView, an online portal that allows members to view their account balances, notify the Trustee of any change to their personal data, change their contribution rates and/or investment strategy and model future benefit outcomes.
- Member communication services including pension presentations and the production of notices, leaflets and other explanatory material. With support from the Company and their pension advisers, the Trustee produced an Investment Guide and updated the Member Guide over the year.
- Access to a new digital retirement planning tool which was launched during the year.

6. Trustee knowledge and understanding

The Pensions Act 2004 requires individual trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts and investment of scheme assets. The degree of knowledge and understanding required is that appropriate for the purposes of enabling the Trustee to exercise the function in question.

The Trustee is required to explain how the combined knowledge and understanding of its Directors, together with the advice which is available to the Trustee Board, enabled it to properly exercise its functions as Trustee of the Fund during the Fund Year.

During the year, the Trustee undertook a number of activities with regard to the DC Section that required the Trustee Directors to give detailed consideration to pensions law and the Fund's governing documents. These activities and the input from their advisers in relation to them helped the Trustee Directors to maintain their knowledge, understanding and conversance with these documents. Examples include:

- The Trustee has undertaken ongoing training within its regular meetings to keep abreast of relevant developments.
- In June 2025, the Trustee reviewed The Pensions Regulator's General Code of Practice requirements and subsequently implemented a number of new policies and procedures to formally document their "Effective System of Governance" (ESoG) as required under the Code. The Trustee then completed their first Own Risk Assessment (ORA) of the effectiveness of the ESoG ahead of the statutory deadline.
- The Trustee reviewed Fund documents such as the annual Chair's Statement, Value for Members assessment and Implementation Statement at a dedicated Trustee meeting in September 2025.
- In September 2025, the Trustee received training on Inheritance Tax and pensions, covering the changes due to come into effect from April 2027.
- In December 2025, the Trustee received training from its DC investment adviser on different DC governance structures and specifically master trusts.

- In February 2026, the Trustee received training from its investment advisers on Environmental, Social and Governance (“ESG”) and sustainable investment, which outlined the principles behind investing sustainably and how ESG considerations can be financially material to an investment portfolio. Following this training the Trustee Directors reviewed their Sustainable Investment Policy.
- The Trustee worked with its DC investment advisers to review MWS’s proposed investment platform provider change and change to the default investment arrangement (and alternative lifestyle options), agreeing to implement the proposed changes in 2026.
- Throughout the year, the Trustee continued preparatory work on pensions dashboards, including working with the DC administrator, Aptia, on data readiness.

In order to maintain their knowledge and understanding, the Trustee also has additional processes in place. Examples include:

- The Trustee Directors review their training needs regularly and maintain a group training log.
- A Trustee information pack is issued to all new Trustee Directors, and all Trustee Directors are expected to complete The Pensions Regulator’s Trustee Toolkit.
- The Trustee also receives advice from professional advisers and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers.
- The Trustee meeting agendas are prepared by the Company pensions team with input from the Trustee’s professional advisers who do so with a view to ensuring compliance and best practice.
- The Trustee receives detailed quarterly investment and administration reports from its professional adviser and the Fund’s administrators respectively.
- The Trustee receives a briefing on pension legislation and relevant regulatory developments at each meeting.

The Trustee believes that the diversity of skills on the Trustee Board, combined with the expert resources available to it, enables it to exercise its functions and keep abreast of emerging risks, opportunities and best practices.

Chair's declaration

I confirm that the above statement has been produced by DC Thomson & Co Pension Trustee Limited and is correct to the best of my knowledge.

Signature: *CHW Thomson*

Name: Christopher HW Thomson

**Chairman of DC Thomson & Co Pension Trustee Limited
September 2026**

Appendix 1 - Total Expense Ratio (“TER”)

The investment funds in **bold** below were used in the default investment arrangement over the year.

Name	Total Expense Ratio
Mercer Defensive	0.333%
Mercer Moderate Growth	0.299%
Mercer Growth	0.281%
Mercer High Growth	0.292%
Mercer Diversified Growth	0.312%
Mercer Active Global Equity	0.714%
Mercer Active Money Market	0.170%
Mercer Active Sustainable Global Equity	0.648%
Mercer Passive Sustainable Global Equity	0.150%
Mercer Shariah	0.200%
Mercer Drawdown Retirement Fund	0.352%
Mercer Target Drawdown 2027 Retirement Fund	0.353%
Mercer Target Drawdown 2028 Retirement Fund	0.350%
Mercer Target Drawdown 2029 Retirement Fund	0.345%
Mercer Target Drawdown 2030 Retirement Fund	0.334%
Mercer Target Drawdown 2031 Retirement Fund	0.323%
Mercer Target Drawdown 2032 Retirement Fund	0.313%
Mercer Target Drawdown 2033 Retirement Fund	0.302%
Mercer Target Drawdown 2034 Retirement Fund	0.292%
Mercer Annuity Retirement Fund	0.202%
Mercer Target Annuity 2027 Retirement Fund	0.209%
Mercer Target Annuity 2028 Retirement Fund	0.219%
Mercer Target Annuity 2029 Retirement Fund	0.228%
Mercer Target Annuity 2030 Retirement Fund	0.246%
Mercer Target Annuity 2031 Retirement Fund	0.257%
Mercer Target Annuity 2032 Retirement Fund	0.267%
Mercer Target Annuity 2033 Retirement Fund	0.278%
Mercer Target Annuity 2034 Retirement Fund	0.289%
Mercer Cash Retirement Fund	0.220%
Mercer Target Cash 2027 Retirement Fund	0.242%
Mercer Target Cash 2028 Retirement Fund	0.263%
Mercer Target Cash 2029 Retirement Fund	0.284%
Mercer Target Cash 2030 Retirement Fund	0.304%
Mercer Target Cash 2031 Retirement Fund	0.304%
Mercer Target Cash 2032 Retirement Fund	0.299%
Mercer Target Cash 2033 Retirement Fund	0.293%
Mercer Target Cash 2034 Retirement Fund	0.287%

Source: Scottish Widows. Includes Scottish Widows and Mercer charges. Figures as at 31 March 2026.

Appendix 2 – Transaction Costs over the year to 31 March 2026

The investment funds in bold below were used in the default investment arrangement over the year.

Name	Transaction Costs
Mercer Defensive	0.097%
Mercer Moderate Growth	0.090%
Mercer Growth	0.111%
Mercer High Growth	0.085%
Mercer Diversified Growth	0.109%
Mercer Active Global Equity	0.146%
Mercer Active Money Market	0.018%
Mercer Active Sustainable Global Equity	0.131%
Mercer Passive Sustainable Global Equity	0.108%
Mercer Shariah	0.006%
Mercer Drawdown Retirement Fund	0.079%
Mercer Target Drawdown 2027 Retirement Fund	0.084%
Mercer Target Drawdown 2028 Retirement Fund	0.091%
Mercer Target Drawdown 2029 Retirement Fund	0.095%
Mercer Target Drawdown 2030 Retirement Fund	0.098%
Mercer Target Drawdown 2031 Retirement Fund	0.101%
Mercer Target Drawdown 2032 Retirement Fund	0.104%
Mercer Target Drawdown 2033 Retirement Fund	0.107%
Mercer Target Drawdown 2034 Retirement Fund	0.110%
Mercer Annuity Retirement Fund	0.005%
Mercer Target Annuity 2027 Retirement Fund	0.014%
Mercer Target Annuity 2028 Retirement Fund	0.027%
Mercer Target Annuity 2029 Retirement Fund	0.039%
Mercer Target Annuity 2030 Retirement Fund	0.052%
Mercer Target Annuity 2031 Retirement Fund	0.066%
Mercer Target Annuity 2032 Retirement Fund	0.080%
Mercer Target Annuity 2033 Retirement Fund	0.094%
Mercer Target Annuity 2034 Retirement Fund	0.108%
Mercer Cash Retirement Fund	0.018%
Mercer Target Cash 2027 Retirement Fund	0.033%
Mercer Target Cash 2028 Retirement Fund	0.053%
Mercer Target Cash 2029 Retirement Fund	0.073%
Mercer Target Cash 2030 Retirement Fund	0.093%
Mercer Target Cash 2031 Retirement Fund	0.101%
Mercer Target Cash 2032 Retirement Fund	0.104%
Mercer Target Cash 2033 Retirement Fund	0.107%
Mercer Target Cash 2034 Retirement Fund	0.110%

Source: Scottish Widows. Figures as at 31 March 2026

Appendix 3 – Charges and Transaction Costs - Illustrations

To make the illustrations representative of the membership of the Fund, the illustrations have taken into account the following elements, based on membership data:

- DC pot size
- Pensionable Salary
- Contribution rates
- Real terms investment return gross of costs and charges
- Adjustment for the effect of costs and charges, including transaction costs
- Period of investment

Youngest active member – currently 22 years old

The illustrations are designed only to show the cumulative impact that investment charges and transaction costs can have on fund values at retirement age. They are not intended to provide information or guidance to members on whether a particular fund is best suited to their requirements. Furthermore, the illustrations are based on a number of assumptions, including salary growth and investment returns – these are NOT guaranteed fund values.

The illustrative fund values are expressed in today's terms. For example, a projected fund value after 43 years of £381,322 means that the fund value at the end of that period would be an amount that has equivalent purchasing power to that of £381,322 today.

Year End	Most Popular fund from the DC Section fund range		Fund with the highest charges from DC Section fund range		Fund with the lowest charges from DC Section fund range	
	Default Arrangement (Mercer Target Drawdown Path)		Mercer Active Global Equity		Mercer Active Money Market	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	£12,050	£12,000	£12,058	£11,946	£11,663	£11,642
5	£32,233	£31,752	£32,310	£31,251	£28,353	£28,168
10	£61,880	£60,223	£62,161	£58,535	£48,764	£48,212
15	£97,331	£93,566	£97,990	£89,800	£68,686	£67,595
20	£139,724	£132,614	£140,995	£125,625	£88,130	£86,337
25	£190,418	£178,342	£192,613	£166,678	£107,109	£104,461
30	£251,036	£231,894	£254,568	£213,719	£125,632	£121,986
35	£323,441	£294,577	£328,931	£267,623	£143,712	£138,933
40	£395,555	£354,419	£418,187	£329,391	£161,358	£155,320
43	£429,980	£381,322	£480,106	£370,697	£171,742	£164,892
Breakdown at Year 43						
Initial Pot Size	£7,440	£7,440	£7,440	£7,440	£7,440	£7,440
Total Employee Contributions	£71,053	£71,053	£71,053	£71,053	£71,053	£71,053
Total Employer Contributions	£112,501	£112,501	£112,501	£112,501	£112,501	£112,501
Gross Real Investment Returns	£238,986	£238,986	£289,112	£289,112	-£19,252	-£19,252
Impact of Costs and Charges	£0	-£48,658	£0	-£109,409	£0	-£6,850
Total Fund Value	£429,980	£381,322	£480,106	£370,697	£171,742	£164,892

Year End	Technical Default		Technical Default		Technical Default	
	Mercer Growth		Mercer High Growth		Mercer Moderate Growth	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	£12,050	£12,000	£12,048	£11,999	£11,860	£11,811
5	£32,233	£31,752	£32,212	£31,742	£30,269	£29,827
10	£61,880	£60,223	£61,803	£60,186	£55,003	£53,585
15	£97,331	£93,566	£97,152	£93,478	£81,802	£78,800
20	£139,724	£132,614	£139,379	£132,445	£110,839	£105,559
25	£190,418	£178,342	£189,823	£178,054	£142,299	£133,958
30	£251,036	£231,894	£250,082	£231,436	£176,385	£164,097
35	£323,524	£294,609	£322,065	£293,918	£213,317	£196,083
40	£410,205	£368,053	£408,055	£367,049	£253,332	£230,029
43	£470,160	£418,021	£467,484	£416,782	£278,927	£251,387
Breakdown at Year 43						
Initial Pot Size	£7,440	£7,440	£7,440	£7,440	£7,440	£7,440
Total Employee Contributions	£71,053	£71,053	£71,053	£71,053	£71,053	£71,053
Total Employer Contributions	£112,501	£112,501	£112,501	£112,501	£112,501	£112,501
Gross Real Investment Returns	£279,166	£279,166	£276,490	£276,490	£87,933	£87,933
Impact of Costs and Charges	£0	-£52,139	£0	-£50,702	£0	-£27,540
Total Fund Value	£470,160	£418,021	£467,484	£416,782	£278,927	£251,387

Year End	Technical Default		Technical Default		Technical Default	
	Mercer Defensive		Mercer Diversified Growth		Mercer Active Money Market	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	£11,861	£11,807	£12,053	£11,996	£11,663	£11,642
5	£30,272	£29,790	£32,262	£31,713	£28,353	£28,168
10	£55,015	£53,470	£61,987	£60,095	£48,764	£48,212
15	£81,828	£78,557	£97,582	£93,281	£68,686	£67,595
20	£110,884	£105,137	£140,206	£132,084	£88,130	£86,337
25	£142,372	£133,296	£191,250	£177,456	£107,109	£104,461
30	£176,494	£163,131	£252,374	£230,508	£125,632	£121,986
35	£213,471	£194,740	£325,569	£292,541	£143,712	£138,933
40	£253,543	£228,228	£413,221	£365,074	£161,358	£155,320
43	£279,178	£249,269	£473,917	£414,361	£171,742	£164,892
Breakdown at Year 43						
Initial Pot Size	£7,440	£7,440	£7,440	£7,440	£7,440	£7,440
Total Employee Contributions	£71,053	£71,053	£71,053	£71,053	£71,053	£71,053
Total Employer Contributions	£112,501	£112,501	£112,501	£112,501	£112,501	£112,501
Gross Real Investment Returns	£88,184	£88,184	£282,923	£282,923	-£19,252	-£19,252
Impact of Costs and Charges	£0	-£29,909	£0	-£59,556	£0	-£6,850
Total Fund Value	£279,178	£249,269	£473,917	£414,361	£171,742	£164,892

Assumptions The above illustrations have been produced for an example “youngest” active member of the Fund based on the Fund’s membership data. Each individual fund illustration assumes 100% of the member’s assets are invested in that strategy up to the Fund’s retirement age. The results are presented in real terms, i.e. in today’s money.	
Member Assumptions - Age - Starting Salary - Salary Increases - Starting Pot Size - Total Contribution Rate	22 (the youngest active member) £27,540 p.a. (based on sample of members) 2.5% p.a. (salary increases in line with inflation) £7,440 (based on sample of members) 15.5% (based on sample of members)
Retirement Age	65
Inflation	2.5% p.a.
Charges* - Default Arrangement - Mercer Active Global Equity - Mercer Active Money Market - Mercer Growth - Mercer High Growth - Mercer Moderate Growth - Mercer Defensive - Mercer Diversified Growth	Between 0.42% p.a. and 0.48% p.a.** 0.92% p.a. 0.19% p.a. 0.42% p.a. 0.41% p.a. 0.41% p.a. 0.45% p.a. 0.48% p.a.
Growth Rate (before charges) - Default Arrangement - Mercer Active Global Equity - Mercer Active Money Market - Mercer Growth - Mercer High Growth - Mercer Moderate Growth - Mercer Defensive - Mercer Diversified Growth	Between 1.39% p.a. and 3.64% p.a. above inflation** 3.72% p.a. above inflation 0.48% p.a. below inflation*** 3.64% p.a. above inflation 3.62% p.a. above inflation 1.62% p.a. above inflation 1.62% p.a. above inflation 3.67% p.a. above inflation

* Fund charges are determined by summing the TER as at 31 March 2026 and a 5-year average (where available) of the transaction costs incurred.

** Default investment strategy projected growth rates and charges vary with age, given that the strategy’s asset allocation changes over the 8 years prior to Target Retirement Age.

*** The gross investment return is negative for the Active Money Market fund illustrations as the investment return is not expected to keep up with inflation i.e. a negative real return.

Average active member – currently 42 years old

The illustrations are designed only to show the cumulative impact that investment charges and transaction costs can have on fund values at retirement age. They are not intended to provide information or guidance to members on whether a particular fund is best suited to their requirements. Furthermore, the illustrations are based on a number of assumptions, including salary growth and investment returns – these are NOT guaranteed fund values.

The illustrative fund values are expressed in today's terms. For example, a projected fund value after 23 years of £251,394 means that the fund value at the end of that period would be an amount that has equivalent purchasing power to that of £251,394 today.

Year End	Most Popular fund from the DC Section fund range		Fund with the highest charges from DC Section fund range		Fund with the lowest charges from DC Section fund range	
	Default Arrangement (Mercer Target Drawdown Path)		Mercer Active Global Equity		Mercer Active Money Market	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	£40,147	£39,980	£40,175	£39,804	£38,682	£38,610
5	£72,703	£71,468	£72,913	£70,192	£62,283	£61,819
10	£120,527	£116,857	£121,168	£113,142	£91,148	£89,967
15	£177,669	£169,994	£179,088	£162,357	£119,320	£117,186
20	£237,571	£223,910	£248,606	£218,753	£146,818	£143,507
23	£269,241	£251,394	£296,833	£256,466	£162,999	£158,880
Breakdown at Year 23						
Initial Pot Size	£32,710	£32,710	£32,710	£32,710	£32,710	£32,710
Total Employee Contributions	£54,703	£54,703	£54,703	£54,703	£54,703	£54,703
Total Employer Contributions	£86,614	£86,614	£86,614	£86,614	£86,614	£86,614
Gross Real Investment Returns	£95,214	£95,214	£122,806	£122,806	-£11,028	-£11,028
Impact of Costs and Charges	£0	-£17,847	£0	-£40,367	£0	-£4,119
Total Fund Value	£269,241	£251,394	£296,833	£256,466	£162,999	£158,880

Year End	Technical Default		Technical Default		Technical Default	
	Mercer Growth		Mercer High Growth		Mercer Moderate Growth	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	£40,147	£39,980	£40,140	£39,976	£39,428	£39,265
5	£72,703	£71,468	£72,646	£71,439	£67,405	£66,281
10	£120,527	£116,857	£120,353	£116,770	£104,997	£101,909
15	£177,715	£170,012	£177,342	£169,827	£145,727	£139,719
20	£246,099	£232,261	£245,419	£231,927	£189,856	£179,847
23	£293,400	£274,613	£292,470	£274,159	£218,083	£205,095
Breakdown at Year 23						
Initial Pot Size	£32,710	£32,710	£32,710	£32,710	£32,710	£32,710
Total Employee Contributions	£54,703	£54,703	£54,703	£54,703	£54,703	£54,703
Total Employer Contributions	£86,614	£86,614	£86,614	£86,614	£86,614	£86,614
Gross Real Investment Returns	£119,373	£119,373	£118,443	£118,443	£44,056	£44,056
Impact of Costs and Charges	£0	-£18,787	£0	-£18,311	£0	-£12,988
Total Fund Value	£293,400	£274,613	£292,470	£274,159	£218,083	£205,095

Year End	Technical Default		Technical Default		Technical Default	
	Mercer Defensive		Mercer Diversified Growth		Mercer Active Money Market	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	£39,430	£39,252	£40,157	£39,966	£38,682	£38,610
5	£67,415	£66,188	£72,783	£71,372	£62,283	£61,819
10	£105,023	£101,658	£120,771	£116,578	£91,148	£89,967
15	£145,778	£139,236	£178,236	£169,436	£119,320	£117,186
20	£189,944	£179,049	£247,050	£231,242	£146,818	£143,507
23	£218,198	£204,065	£294,701	£273,240	£162,999	£158,880
Breakdown at Year 23						
Initial Pot Size	£32,710	£32,710	£32,710	£32,710	£32,710	£32,710
Total Employee Contributions	£54,703	£54,703	£54,703	£54,703	£54,703	£54,703
Total Employer Contributions	£86,614	£86,614	£86,614	£86,614	£86,614	£86,614
Gross Real Investment Returns	£44,171	£44,171	£120,674	£120,674	-£11,028	-£11,028
Impact of Costs and Charges	£0	-£14,133	£0	-£21,461	£0	-£4,119
Total Fund Value	£218,198	£204,065	£294,701	£273,240	£162,999	£158,880

Assumptions

The above illustrations have been produced for an example “average” active member of the Fund based on the Fund’s membership data. Each individual fund illustration assumes 100% of the member’s assets are invested in that strategy up to the Fund’s retirement age. The results are presented in real terms, i.e. in today’s money.

Retirement age, inflation, charges and growth rate assumptions are the same as set out in the youngest active member illustration above.

Member Assumptions

• Age	42 (<i>the median age for active members</i>)
• Starting Salary	£39,640 p.a.
• Salary Increases	2.5% p.a. (<i>salary increases in line with inflation</i>)
• Starting Pot Size	£32,710
• Total Contribution Rate	15.5%

Youngest deferred member – currently 23 years old

*The illustrations are designed only to show the cumulative impact that investment charges and transaction costs can have on fund values at retirement age. They are not intended to provide information or guidance to members on whether a particular fund is best suited to their requirements. **Furthermore, the illustrations are based on a number of assumptions, including investment returns – these are NOT guaranteed fund values.***

The illustrative fund values are expressed in today's terms. For example, a projected fund value after 42 years of £12,784 means that the fund value at the end of that period would be an amount that has equivalent purchasing power to that of £12,784 today.

Year End	Most Popular fund from the DC Section fund range		Fund with the highest charges from DC Section fund range		Fund with the lowest charges from DC Section fund range	
	Default Arrangement (Mercer Target Drawdown Path)		Mercer Active Global Equity		Mercer Active Money Market	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	£3,866	£3,850	£3,869	£3,833	£3,712	£3,705
5	£4,460	£4,368	£4,477	£4,274	£3,641	£3,607
10	£5,334	£5,116	£5,374	£4,898	£3,553	£3,488
15	£6,378	£5,991	£6,450	£5,612	£3,468	£3,373
20	£7,627	£7,016	£7,742	£6,431	£3,385	£3,261
25	£9,120	£8,216	£9,292	£7,369	£3,304	£3,154
30	£10,906	£9,622	£11,153	£8,444	£3,225	£3,050
35	£13,006	£11,237	£13,386	£9,676	£3,147	£2,949
40	£14,809	£12,503	£16,067	£11,088	£3,072	£2,852
42	£15,281	£12,784	£17,285	£11,708	£3,042	£2,813
Breakdown at Year 42						
Initial Pot Size	£3,730	£3,730	£3,730	£3,730	£3,730	£3,730
Gross Real Investment Returns	£11,551	£11,551	£13,555	£13,555	-£688	-£688
Impact of Costs and Charges	£0	-£2,497	£0	-£5,577	£0	-£229
Total Fund Value	£15,281	£12,784	£17,285	£11,708	£3,042	£2,813

Year End	Technical Default		Technical Default		Technical Default	
	Mercer Growth		Mercer High Growth		Mercer Moderate Growth	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	£3,866	£3,850	£3,865	£3,849	£3,790	£3,775
5	£4,460	£4,368	£4,456	£4,366	£4,041	£3,959
10	£5,334	£5,116	£5,323	£5,110	£4,379	£4,201
15	£6,378	£5,991	£6,358	£5,981	£4,744	£4,459
20	£7,627	£7,016	£7,596	£7,000	£5,140	£4,732
25	£9,120	£8,216	£9,074	£8,193	£5,569	£5,022
30	£10,906	£9,622	£10,839	£9,590	£6,034	£5,329
35	£13,041	£11,268	£12,948	£11,225	£6,538	£5,656
40	£15,594	£13,196	£15,467	£13,138	£7,084	£6,002
42	£16,750	£14,056	£16,607	£13,991	£7,315	£6,147
Breakdown at Year 42						
Initial Pot Size	£3,730	£3,730	£3,730	£3,730	£3,730	£3,730
Gross Real Investment Returns	£13,020	£13,020	£12,877	£12,877	£3,585	£3,585
Impact of Costs and Charges	£0	-£2,694	£0	-£2,616	£0	-£1,168
Total Fund Value	£16,750	£14,056	£16,607	£13,991	£7,315	£6,147

Year End	Technical Default		Technical Default		Technical Default	
	Mercer Defensive		Mercer Diversified Growth		Mercer Active Money Market	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	£3,790	£3,773	£3,867	£3,849	£3,712	£3,705
5	£4,042	£3,952	£4,467	£4,361	£3,641	£3,607
10	£4,380	£4,187	£5,349	£5,100	£3,553	£3,488
15	£4,747	£4,436	£6,405	£5,963	£3,468	£3,373
20	£5,144	£4,700	£7,670	£6,972	£3,385	£3,261
25	£5,574	£4,979	£9,185	£8,152	£3,304	£3,154
30	£6,041	£5,275	£10,999	£9,532	£3,225	£3,050
35	£6,546	£5,589	£13,171	£11,146	£3,147	£2,949
40	£7,094	£5,921	£15,773	£13,033	£3,072	£2,852
42	£7,326	£6,060	£16,952	£13,874	£3,042	£2,813
Breakdown at Year 42						
Initial Pot Size	£3,730	£3,730	£3,730	£3,730	£3,730	£3,730
Gross Real Investment Returns	£3,596	£3,596	£13,222	£13,222	-£688	-£688
Impact of Costs and Charges	£0	-£1,266	£0	-£3,078	£0	-£229
Total Fund Value	£7,326	£6,060	£16,952	£13,874	£3,042	£2,813

Assumptions

The above illustrations have been produced for an example “youngest” deferred member of the Fund based on the Fund’s membership data. Each individual fund illustration assumes 100% of the member’s assets are invested in that strategy up to the Fund’s retirement age. The results are presented in real terms, i.e. in today’s money.

Retirement age, inflation, charges and growth rate assumptions are the same as set out in the youngest active member illustration above.

Member Assumptions

- Age
- Starting Pot Size

23 (the youngest deferred member)

£3,730 (based on sample of members)

Average deferred member – currently 40 years old

The illustrations are designed only to show the cumulative impact that investment charges and transaction costs can have on fund values at retirement age. They are not intended to provide information or guidance to members on whether a particular fund is best suited to their requirements. Furthermore, the illustrations are based on a number of assumptions, including investment returns – these are NOT guaranteed fund values.

The illustrative fund values are expressed in today's terms. For example, a projected fund value after 25 years of £17,970 means that the fund value at the end of that period would be an amount that has equivalent purchasing power to that of £17,970 today.

Year End	Most Popular fund from the DC Section fund range		Fund with the highest charges from DC Section fund range		Fund with the lowest charges from DC Section fund range	
	Default Arrangement (Mercer Target Drawdown Path)		Mercer Active Global Equity		Mercer Active Money Market	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	£9,297	£9,258	£9,304	£9,218	£8,927	£8,910
5	£10,726	£10,505	£10,766	£10,279	£8,755	£8,674
10	£12,826	£12,302	£12,923	£11,778	£8,545	£8,388
15	£15,338	£14,407	£15,511	£13,496	£8,340	£8,111
20	£18,064	£16,611	£18,617	£15,465	£8,140	£7,843
25	£20,005	£17,970	£22,346	£17,722	£7,945	£7,584
Breakdown at Year 25						
Initial Pot Size	£8,970	£8,970	£8,970	£8,970	£8,970	£8,970
Gross Real Investment Returns	£11,035	£11,035	£13,376	£13,376	£1,025	£1,025
Impact of Costs and Charges	£0	£2,035	£0	£4,624	£0	£361
Total Fund Value	£20,005	£17,970	£22,346	£17,722	£7,945	£7,584

Year End	Technical Default		Technical Default		Technical Default	
	Mercer Growth		Mercer High Growth		Mercer Moderate Growth	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	£9,297	£9,258	£9,295	£9,257	£9,115	£9,077
5	£10,726	£10,505	£10,715	£10,499	£9,719	£9,520
10	£12,826	£12,302	£12,800	£12,288	£10,530	£10,103
15	£15,338	£14,407	£15,291	£14,383	£11,409	£10,722
20	£18,341	£16,872	£18,266	£16,834	£12,362	£11,379
25	£21,932	£19,758	£21,820	£19,704	£13,393	£12,076
Breakdown at Year 25						
Initial Pot Size	£8,970	£8,970	£8,970	£8,970	£8,970	£8,970
Gross Real Investment Returns	£12,962	£12,962	£12,850	£12,850	£4,423	£4,423
Impact of Costs and Charges	£0	£-2,174	£0	£-2,116	£0	£-1,317
Total Fund Value	£21,932	£19,758	£21,820	£19,704	£13,393	£12,076

Year End	Technical Default		Technical Default		Technical Default	
	Mercer Defensive		Mercer Diversified Growth		Mercer Active Money Market	
	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)	Before charges (£)	After charges (£)
1	£9,115	£9,074	£9,299	£9,255	£8,927	£8,910
5	£9,721	£9,503	£10,742	£10,488	£8,755	£8,674
10	£10,534	£10,069	£12,863	£12,264	£8,545	£8,388
15	£11,415	£10,667	£15,403	£14,340	£8,340	£8,111
20	£12,370	£11,302	£18,446	£16,767	£8,140	£7,843
25	£13,406	£11,974	£22,088	£19,605	£7,945	£7,584
Breakdown at Year 25						
Initial Pot Size	£8,970	£8,970	£8,970	£8,970	£8,970	£8,970
Gross Real Investment Returns	£4,436	£4,436	£13,118	£13,118	£-1,025	£-1,025
Impact of Costs and Charges	£0	£-1,432	£0	£-2,483	£0	£-361
Total Fund Value	£13,406	£11,974	£22,088	£19,605	£7,945	£7,584

Assumptions

The above illustrations have been produced for an example “average” deferred member of the Fund based on the Fund’s membership data. Each individual fund illustration assumes 100% of the member’s assets are invested in that strategy up to the Fund’s retirement age. The results are presented in real terms, i.e. in today’s money.

Retirement Age, Inflation, Charges and Growth Rate assumptions are the same as set out in the youngest active member illustration above.

Member Assumptions

- Age
- Starting Pot Size

40 (*the median age for deferred members*)
£8,970

Notes

1. Projected pension pot values are shown in today’s terms, and do not need to be reduced further to reflect the effect of future inflation.
2. The starting pot size, salary and contribution is the average value appropriate to the youngest / average member respectively.
3. The future contributions are based on the average salary and contribution rate appropriate to the relevant member (youngest / average).
4. Values shown are purely **illustrative** and are **not guaranteed**.
5. The illustrations are designed only to show the cumulative impact that investment charges and transaction costs can have on fund values at retirement age. They are not intended to provide information or guidance to members on whether a particular fund is best suited to their requirements.

Appendix 4 – Net Investment Returns

(i) Default investment arrangement – Target Drawdown Retirement Path

Default strategy - Target Drawdown Retirement Path	Annualised returns to 31 March 2026		
Age of member at start of period	1 year	5 year	Since inception*
25	13.9%	5.3%	6.0%
45	13.9%	5.3%	6.0%
55	13.9%	5.0%	5.7%

* Inception was May 2019

Source: Scottish Widows.

(ii) Alternative lifestyle investment strategy – Target Annuity Retirement Path

Target Annuity Retirement Path	Annualised returns to 31 March 2026		
Age of member at start of period	1 year	5 year	Since inception*
25	13.9%	5.3%	6.0%
45	13.9%	5.3%	6.0%
55	13.9%	4.4%	4.8%

* Inception was May 2019

Source: Scottish Widows.

(iii) Alternative lifestyle investment strategy – Target Cash Retirement Path

Target Cash Retirement Path	Annualised returns to 31 March 2026		
Age of member at start of period	1 year	5 year	Since inception*
25	13.9%	5.3%	6.0%
45	13.9%	5.3%	6.0%
55	13.9%	5.1%	5.7%

* Inception was May 2019

Source: Scottish Widows.

**(iv) Self-select funds which were available to members over the year to 31 March 2026
(including technical default investment arrangements)**

Self-select fund	Annualised returns to 31 March 2026		
	1 year	5 year	Since inception*
Mercer Defensive	5.9%	1.2%	1.6%
Mercer Moderate Growth	10.2%	3.4%	4.5%
Mercer Growth	13.9%	5.3%	6.0%
Mercer High Growth	13.7%	5.8%	6.9%
Mercer Diversified Growth	12.0%	5.2%	5.4%
Mercer Active Global Equity	16.1%	9.4%	11.5%
Mercer Active Money Market	4.1%	3.2%	2.4%
Mercer Active Sustainable Global Equity	9.9%	6.2%	5.7%**
Mercer Passive Sustainable Global Equity	15.0%	9.5%	8.5%**
Mercer Shariah	20.3%	-***	17.8%***

* Inception was May 2019 unless noted otherwise

** Inception was June 2021

*** Inception was August 2023

Source: Scottish Widows.

Appendix 5 – Asset Allocation

In line with the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2023 (“the 2023 Regulations”), trustee boards are required to disclose the asset allocation of their default arrangements. The tables below include the percentage asset allocation of investments within the Fund’s default investment arrangement and technical default arrangements across each of the main asset classes.

(i) Default investment arrangement – Target Drawdown Retirement Path

Asset class	Target Drawdown Retirement Path			
	% Allocation			
	Average 25 year old ¹	Average 45 year old ¹	Average 55 year old ¹	Average at retirement ²
Cash	0.06%	0.06%	0.06%	9.99%
Bonds	21.09%	21.09%	21.09%	54.69%
Corporate Bonds	4.28%	4.28%	4.28%	27.74%
Government Bonds	16.81%	16.81%	16.81%	26.95%
Other Bonds	0.00%	0.00%	0.00%	0.00%
Listed Equity	71.82%	71.82%	71.82%	30.30%
Private Equity	0.00%	0.00%	0.00%	0.00%
Infrastructure	0.00%	0.00%	0.00%	0.00%
Property/Real Estate	0.00%	0.00%	0.00%	0.00%
Private Debt/Credit	0.00%	0.00%	0.00%	0.00%
Other	7.03%	7.03%	7.03%	5.02%

¹ These asset allocations represent the Mercer Growth fund as members are invested in this fund until 8 years before their Target Retirement Age (assumed to be age 65), so the allocation at age 25, 45 and 55 is the same.

² The “at retirement” allocation reflected in the table represents the asset allocation for a 65 year old. The default Target Retirement Age is 65. Whilst members can actively change their Target Retirement Age, the “at retirement” asset allocation would remain the same. The asset allocation at retirement would also remain unchanged if a member remained invested beyond Target Retirement Age.

(ii) Technical Default Investment Arrangements

The asset allocations do not change depending on age/term to retirement; therefore these are shown in a different format than the default investment arrangement.

Asset Class	% Allocation					
	Mercer Growth	Mercer High Growth	Mercer Moderate Growth	Mercer Defensive	Mercer Diversified Growth Fund	Mercer Active Money Market
Cash	0.06%	0.15%	0.03%	5.09%	0.28%	100.00%
Bonds	21.09%	23.73%	47.48%	73.52%	24.65%	0.00%
Corporate Bonds	4.28%	8.85%	20.32%	31.77%	6.08%	0.00%
Government Bonds	16.81%	14.88%	27.16%	41.75%	18.57%	0.00%
Other Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Listed Equity	71.82%	75.56%	48.33%	16.26%	49.82%	0.00%
Private Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Infrastructure	0.00%	0.00%	0.00%	0.00%	5.41%	0.00%
Property/Real Estate	0.00%	0.00%	0.00%	0.00%	5.00%	0.00%
Private Debt/Credit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	7.03%	0.56%	4.16%	5.13%	14.84%	0.00%

The following describes the types of investments covered by the above asset classes:

- **Cash**
Cash and assets that behave similarly to cash e.g. treasury bills. It only includes invested cash and not the cash balance held in the Trustee's bank account.
- **Bonds**
Loans made to the bond issuer, usually a government or a company, to be repaid at a later date.
- **Listed Equity**
Shares in companies that are listed on global stock exchanges. Owning shares makes shareholders a part owner of the company, entitled to a share of the profits (if any) payable as dividends.
- **Private Equity**
Unlisted equities that are not publicly traded on stock exchanges.
- **Infrastructure**
Physical structures, facilities, systems, or networks that provide or support public services including water, gas and electricity networks, roads, telecommunications facilities, schools, hospitals and prisons.
- **Property**
Real estate, potentially including offices, retail buildings which are rented out to businesses.
- **Private Debt**
Other forms of loan that do not fall within the definition of a 'Bond'.
- **Other**
Any assets that do not fall within the above categories.

Appendix 6 - Statement of Investment Principles effective September 2024