

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

CHAIRMAN’S ANNUAL GOVERNANCE STATEMENT FOR PERIOD 1 APRIL 2024 TO 31 MARCH 2025

I am pleased to present the Trustee’s annual statement of governance, covering the period 1 April 2024 to 31 March 2025. This statement describes how the Trustee seeks to ensure that the Defined Contribution (“DC”) Section of the Fund is well-managed and delivers 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/pension-fund-information/>. 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 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.*
 - *The Trustee regularly considers the suitability of the default investment arrangement. The latest formal investment strategy review was undertaken in June 2023.*
 - *The performance of the 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 the Fund’s DC assets are invested in Mercer Workplace Solutions (“MWS”) governed funds, accessed on the Scottish Widows investment platform.*
 - *The Trustee is comfortable that core financial transactions have been processed promptly and accurately.*
3. Charges and transaction costs within the Fund
 - *Charges borne by members are set out in Appendix 1 and 2 (Total Expense Ratios (“TERs”) and Transaction Costs).*
 - *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 a member of the Fund on their retirement savings are set out in Appendix 3. 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. They are not intended to provide information or guidance to members on whether a particular fund is best suited to their requirements.*
4. Net investment returns
- *Investment returns for the Fund's default investment arrangement, technical defaults and those self-select investment options in which members were able to select over the year, after taking account of TERs and transaction costs are set out in Appendix 4.*
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 value for members, based on three main areas: price, performance and productivity.*
 - *Benchmarking by the Trustee's advisers has shown investment managers' charges for nearly 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 'reasonable', relative to benchmark/target over the periods considered. The three years to 31 March 2025 were particularly challenging for financial markets due to a range of global and regional headwinds, resulting in periods of heightened market volatility and mixed performance impacting the longer-term periods reported. In addition, the "cash plus" targets for the risk-profiled funds increased sharply during 2022-23 as cash rates were increased by central banks in response to high inflationary pressures. The longer-term performance of the risk profiled funds were also impacted by negative returns experienced by bond markets as a result of sharply rising yields. 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 Fund provides a range of additional features for members, including scheme governance and management, administration and communications.*
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 Trust Deed and Rules and Statement of Investment Principles.*
 - *These activities and the input from their advisers helped the Trustee Directors to maintain their knowledge, understanding and familiarity with these areas.*
 - *Two new Member Nominated Trustee Directors were appointed during the year. They completed initial training and were working towards completing the Trustee Toolkit at the end of the Fund year.*

Signature: *Christopher HW Thomson*

Name: Christopher HW Thomson

Chairman of DC Thomson & Co Pension Trustee Limited
23rd September 2025

CHAIRMAN'S ANNUAL GOVERNANCE STATEMENT FOR PERIOD 1 APRIL 2024 TO 31 MARCH 2025

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.

All DC assets are held on the Scottish Widows investment platform via Mercer Workplace Savings (MWS).

MWS provides an overlay of the Fund's DC 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).

Changes to the strategic asset allocation ("SAA") as a result of the 2024 annual MWS investment strategy review were implemented in Q2 2024. These changes focused on the SAA of the Mercer Growth and Mercer Diversified Retirement Funds, therefore impacting the Fund's default investment arrangement. Within the Growth Fund, the strategic asset allocation to equities was increased as well as changes to portfolio construction for the equities and fixed income allocations. Within the Diversified Retirement Fund, there were similar changes to the equity and fixed income portfolios, whilst a gold allocation was also introduced.

The Trustee regularly considers the suitability of the default investment arrangement. The default investment arrangement is a lifestyle investment strategy, therefore it automatically moves members' assets from growth-seeking assets into assets considered less volatile and appropriate for how they wish to take their benefits as they approach retirement. The default investment arrangement targets flexible withdrawal of benefits at retirement and invests 100% of members' assets in a multi-asset fund (Mercer Growth Fund), that holds 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 TRA, the assets are switched into a target retirement fund that targets flexible drawdown and tax-free cash withdrawal at retirement. The default TRA is 65, although members are able to select an alternative.

In addition, two alternative lifestyle investment strategies are available to members that reflect alternative ways in which members may wish to take their benefits at retirement, annuity purchase or cash.

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 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 in the Fund year. The last formal review was completed in June 2023. The investment strategy review covered the default investment arrangement, the technical default investment arrangements and the self-select investment options available to members. The review considered key aspects including the default target, the default design, alternative lifestyles and the range of self-select funds. The review concluded that the default investment arrangement remains appropriate for members and is consistent with the aims and objectives as set out in the SIP. The review also concluded that the technical default investment arrangements remain appropriate and a good range of funds are available for members to self-select. In addition, the review confirmed that the target cash and annuity alternative lifestyles remain suitable. Following the investment strategy review the Trustee concluded that no changes should be made to the investment strategy. The next formal investment strategy review will be undertaken in June 2026 or sooner if there are any significant changes in investment policy or member demographics.

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 enable the Trustee to monitor 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, quotes 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 Fund administrator and the day-to-day management of the assets has been delegated to Scottish Widows via MWS. Together, Aptia and Scottish Widows have responsibility for processing core financial transactions on behalf of the Trustee. The Trustee has considered the key controls operated by these organisations and has in place Service Level Agreements (SLAs) that cover the accuracy and 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 on a regular basis.
- 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.

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. 99.8% of SLAs for core financial transactions were met during the year ended 31 March 2025, which is a small improvement on the previous Fund year and is in line with the standards expected by the Trustee. The Trustee has received information from Aptia on the one case that missed SLA, including the type of transaction involved and the timescale in which it was completed. The Trustee also observed that call wait times had reduced significantly over the last six months of the year and OneView usage increased over the course of the year.

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 four key areas of the Aptia Customer Relations Centre after each call: resolution of enquiry, time to answer, manner of response and if the information provided was clear and easy to understand. The results improved towards the end of 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, commenced work on a data cleanse exercise, including address tracing. This was still underway at the Fund year end.

- 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.

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 on 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 will vary depending on the stage that each member has reached in the 'lifestyle' de-risking process. Members' assets are de-risked as they approach 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.

A new set of target retirement funds are introduced each year as the next group of members reach eight years from retirement. This also applies to the two additional lifestyle strategies.

The table in Appendix 1 shows the TERs of the funds as provided by the investment platform provider, Scottish Widows. 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. All TERs are as at 31 March 2025.

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 2025 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, 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. All illustrations represent members retiring after December 2025. A legacy lifestyle glidepath applies to members invested in the default investment arrangement retiring prior to January 2026.

4. Net investment returns

The Occupational Pensions Plans (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 2025. 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 August 2025 which covered the following aspects:

- Investment charges for the default investment 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.

The Trustee has concluded that the DC Section offers 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 nearly all the Fund's investment options in which members were invested over the year are in the lower quartile when compared against similar funds available in the market. The investment charges for one self-select fund was in the median to upper quartile, although the range of charges across peers for that particular fund is very narrow.
- Although, at this stage, it is not possible to benchmark transaction costs against other arrangements, the transaction costs were broadly as expected and similar to those observed by other pension schemes.
- The DC Section's current default arrangement and technical defaults comfortably comply with the charge cap of 0.75% per annum.
- Fund performance, after the deduction of costs and charges, has been assessed as 'reasonable', relative to benchmark/target over the periods considered. Over the three years to 31 March 2025, seven of the funds in which members were invested underperformed their absolute return benchmark/target, including the Mercer Growth fund, which is the main fund in the "growth" phase of the default arrangement and the two alternative lifestyles. The three years to 31 March 2025 were particularly challenging for financial markets due to a range of global and regional headwinds, resulting in periods of heightened market volatility and mixed performance impacting longer-term periods reported. In addition, the targets for the risk-profiled funds increased sharply during 2022-23 as cash rates were increased by central banks in response to high inflationary pressures. The longer-term performance of the risk profiled funds was also impacted by negative returns experienced by bond markets as a result of sharply rising yields. 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.
- 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 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.

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 also required to explain how the combined knowledge and understanding of its Directors, together with the advice which is available to the Trustee Board to properly exercise their duty as Trustee of the Fund.

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, including its Trust Deed and Rules and Statement of Investment Principles. 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 2024 the Trustee received an update on the MWS annual investment strategy review.
- The Trustee reviewed its DC Section Statement of Investment Principles in September 2024 in conjunction with its DC investment adviser and updates were made, including the addition of the Trustee's Policy on illiquid investments.

- The Trustee reviewed Fund documents such as the annual Chair's Statement, Value for Members assessment and Implementation Statement at a dedicated Trustee meeting on 3 September 2024. The Trustee also reviewed the Fund's Risk Register during the year.
- The Trustee worked with its legal advisers to complete a review of the Fund Trust Deed and Rules in September 2024, although the main focus of this review was on the Defined Benefit Rules.
- In January 2025 the Trustee supported the Company with an overall review of the Fund, including DC contribution benchmarking.
- In February 2025, the Trustee Directors attended a training session covering cyber security, facilitated by cyber security consultants from Marsh. This session focused on what cyber risk is, why it is important for pension schemes, what is expected by the Pensions Regulator and what steps trustee boards should take to be vigilant against attacks. Following this training session, the Trustee commenced production of an incident response plan.
- In February 2025, the Trustee Directors attended a training session on data protection, facilitated by the Trustee's legal adviser Macfarlanes. The session considered the impact of General Data Protection Regulation (GDPR) and the Pensions Regulator's General Code of Practice. Following this training session, the Trustee produced a Data Processing Policy, a Data Privacy Notice and commenced production of a data flow map and register of the Fund's data processors and controllers.
- Throughout the year, the Trustee worked with its advisers on implementing an Effective System of Governance, as required under the Pensions Regulator's Code of Practice, and on ensuring the Fund will be ready to connect to pensions dashboards.

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. In February 2025, two new Member Nominated Trustee Directors were appointed, and one was reappointed. The two newly appointed Trustee Directors completed initial training and were working towards completing the Trustee Toolkit at the end of the Fund year.
- 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.
- 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 to the best of my knowledge.

Signature: *Christopher HW Thomson*

Name: Christopher HW Thomson

Chairman of DC Thomson & Co Pension Trustee Limited
23rd September 2025

Appendix 1 - Total Expense Ratio (“TER”)

The funds in **bold** below are used in the default investment arrangement.

Name	Total Expense Ratio
Mercer Defensive	0.345%
Mercer Moderate Growth	0.308%
Mercer Growth	0.290%
Mercer High Growth	0.306%
Mercer Diversified Growth	0.322%
Mercer Active Global Equity	0.718%
Mercer Active Money Market	0.170%
Mercer Active Sustainable Global Equity	0.649%
Mercer Passive Sustainable Global Equity	0.150%
Mercer Shariah	0.350%
Mercer Drawdown Retirement Fund	0.331%
Mercer Target Drawdown 2026 Retirement Fund	0.355%
Mercer Target Drawdown 2027 Retirement Fund	0.353%
Mercer Target Drawdown 2028 Retirement Fund	0.348%
Mercer Target Drawdown 2029 Retirement Fund	0.338%
Mercer Target Drawdown 2030 Retirement Fund	0.328%
Mercer Target Drawdown 2031 Retirement Fund	0.318%
Mercer Target Drawdown 2032 Retirement Fund	0.308%
Mercer Target Drawdown 2033 Retirement Fund	0.300%
Mercer Annuity Retirement Fund	0.202%
Mercer Target Annuity 2026 Retirement Fund	0.211%
Mercer Target Annuity 2027 Retirement Fund	0.222%
Mercer Target Annuity 2028 Retirement Fund	0.232%
Mercer Target Annuity 2029 Retirement Fund	0.251%
Mercer Target Annuity 2030 Retirement Fund	0.263%
Mercer Target Annuity 2031 Retirement Fund	0.274%
Mercer Target Annuity 2032 Retirement Fund	0.286%
Mercer Target Annuity 2033 Retirement Fund	0.298%
Mercer Cash Retirement Fund	0.220%
Mercer Target Cash 2026 Retirement Fund	0.243%
Mercer Target Cash 2027 Retirement Fund	0.265%
Mercer Target Cash 2028 Retirement Fund	0.287%
Mercer Target Cash 2029 Retirement Fund	0.309%
Mercer Target Cash 2030 Retirement Fund	0.309%
Mercer Target Cash 2031 Retirement Fund	0.304%
Mercer Target Cash 2032 Retirement Fund	0.299%
Mercer Target Cash 2033 Retirement Fund	0.295%

Source: Scottish Widows. Includes Scottish Widows and Mercer charges. Figures as at 31 March 2025

Appendix 2 – Transaction Costs over the year to 31 March 2025

The funds in bold below are used in the default investment arrangement.

Name	Transaction Costs
Mercer Defensive	0.128%
Mercer Moderate Growth	0.133%
Mercer Growth	0.136%
Mercer High Growth	0.151%
Mercer Diversified Growth	0.116%
Mercer Active Global Equity	0.235%
Mercer Active Money Market	0.014%
Mercer Active Sustainable Global Equity	0.144%
Mercer Passive Sustainable Global Equity	0.123%
Mercer Shariah	0.007%
Mercer Drawdown Retirement Fund	0.111%
Mercer Target Drawdown 2026 Retirement Fund	0.135%
Mercer Target Drawdown 2027 Retirement Fund	0.141%
Mercer Target Drawdown 2028 Retirement Fund	0.141%
Mercer Target Drawdown 2029 Retirement Fund	0.140%
Mercer Target Drawdown 2030 Retirement Fund	0.139%
Mercer Target Drawdown 2031 Retirement Fund	0.138%
Mercer Target Drawdown 2032 Retirement Fund	0.137%
Mercer Target Drawdown 2033 Retirement Fund	0.137%
Mercer Annuity Retirement Fund	0.003%
Mercer Target Annuity 2026 Retirement Fund	0.015%
Mercer Target Annuity 2027 Retirement Fund	0.031%
Mercer Target Annuity 2028 Retirement Fund	0.046%
Mercer Target Annuity 2029 Retirement Fund	0.063%
Mercer Target Annuity 2030 Retirement Fund	0.080%
Mercer Target Annuity 2031 Retirement Fund	0.097%
Mercer Cash Retirement Fund	0.014%
Mercer Target Cash 2026 Retirement Fund	0.040%
Mercer Target Cash 2027 Retirement Fund	0.069%
Mercer Target Cash 2028 Retirement Fund	0.100%
Mercer Target Cash 2029 Retirement Fund	0.132%
Mercer Target Cash 2030 Retirement Fund	0.139%
Mercer Target Cash 2031 Retirement Fund	0.138%
Mercer Target Cash 2033 Retirement Fund	0.137%

Source: Scottish Widows. Figures as at 31 March 2025

Transaction costs were not provided by Scottish Widows for the Mercer Target Annuity 2032 Retirement Fund, Mercer Target Annuity 2033 Retirement Fund or the Mercer Target Cash 2032 Retirement Fund. No members were invested in any of these funds over the year.

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

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 £239,407 means that the fund value at the end of that period would be an amount that has equivalent purchasing power to that of £239,407 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	£8,563	£8,527	£8,570	£8,489	£8,279	£8,264
5	£21,224	£20,898	£21,292	£20,563	£18,591	£18,469
10	£39,817	£38,723	£40,057	£37,625	£31,202	£30,845
15	£62,044	£59,589	£62,596	£57,173	£43,510	£42,812
20	£88,614	£84,013	£89,671	£79,567	£55,521	£54,385
25	£120,377	£112,604	£122,193	£105,224	£67,244	£65,575
30	£158,346	£146,071	£161,258	£134,617	£78,685	£76,396
35	£203,751	£185,227	£208,182	£168,292	£89,851	£86,860
40	£248,992	£222,588	£264,547	£206,872	£100,749	£96,978
43	£270,521	£239,407	£303,672	£232,668	£107,162	£102,888
Breakdown at Year 43						
Initial Pot Size	£5,670	£5,670	£5,670	£5,670	£5,670	£5,670
Total Employee Contributions	£35,888	£35,888	£35,888	£35,888	£35,888	£35,888
Total Employer Contributions	£77,757	£77,757	£77,757	£77,757	£77,757	£77,757
Gross Investment Returns	£151,206	£151,206	£184,357	£184,357	£-12,153	£-12,153
Impact of Costs and Charges	£0	£-31,114	£0	£-71,004	£0	£-4,274
Total Fund Value	£270,521	£239,407	£303,672	£232,668	£107,162	£102,888

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	£8,563	£8,527	£8,561	£8,526	£8,424	£8,389
5	£21,224	£20,898	£21,211	£20,887	£19,888	£19,590
10	£39,817	£38,723	£39,772	£38,685	£35,286	£34,356
15	£62,044	£59,589	£61,941	£59,502	£51,963	£50,020
20	£88,614	£84,013	£88,417	£83,851	£70,025	£66,636
25	£120,377	£112,604	£120,039	£112,329	£89,587	£84,262
30	£158,346	£146,071	£157,806	£145,638	£110,773	£102,960
35	£203,736	£185,246	£202,913	£184,597	£133,719	£122,794
40	£257,996	£231,103	£256,786	£230,165	£158,571	£143,835
43	£295,517	£262,291	£294,013	£261,136	£174,461	£157,068
Breakdown at Year 43						
Initial Pot Size	£5,670	£5,670	£5,670	£5,670	£5,670	£5,670
Total Employee Contributions	£35,888	£35,888	£35,888	£35,888	£35,888	£35,888
Total Employer Contributions	£77,757	£77,757	£77,757	£77,757	£77,757	£77,757
Gross Investment Returns	£176,202	£176,202	£174,698	£174,698	£55,146	£55,146
Impact of Costs and Charges	£0	-£33,226	£0	-£32,877	£0	-£17,393
Total Fund Value	£295,517	£262,291	£294,013	£261,136	£174,461	£157,068

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	£8,423	£8,386	£8,567	£8,523	£8,279	£8,264
5	£19,884	£19,564	£21,262	£20,869	£18,591	£18,469
10	£35,274	£34,275	£39,952	£38,632	£31,202	£30,845
15	£51,938	£49,852	£62,355	£59,391	£43,510	£42,812
20	£69,980	£66,344	£89,208	£83,653	£55,521	£54,385
25	£89,515	£83,808	£121,397	£112,006	£67,244	£65,575
30	£110,667	£102,298	£159,980	£145,143	£78,685	£76,396
35	£133,569	£121,876	£206,229	£183,869	£89,851	£86,860
40	£158,366	£142,607	£261,666	£229,128	£100,749	£96,978
43	£174,218	£155,625	£300,084	£259,870	£107,162	£102,888
Breakdown at Year 43						
Initial Pot Size	£5,670	£5,670	£5,670	£5,670	£5,670	£5,670
Total Employee Contributions	£35,888	£35,888	£35,888	£35,888	£35,888	£35,888
Total Employer Contributions	£77,757	£77,757	£77,757	£77,757	£77,757	£77,757
Gross Investment Returns	£54,903	£54,903	£180,769	£180,769	-£12,153	-£12,153
Impact of Costs and Charges	£0	-£18,593	£0	-£40,214	£0	-£4,274
Total Fund Value	£174,218	£155,625	£300,084	£259,870	£107,162	£102,888

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	
<ul style="list-style-type: none"> • Age • Starting Salary • Salary Increases • Starting Pot Size • Total Contribution Rate 	<ul style="list-style-type: none"> 22 (the youngest active member) £27,820 p.a. (based on sample of members) 2.5% p.a. (salary increases in line with inflation) £5,670 (based on sample of members) 9.5% (based on sample of members)
Retirement Age	65
Inflation	2.5% p.a.
Charges*	
<ul style="list-style-type: none"> • Default Arrangement • Mercer Active Global Equity • Mercer Active Money Market • Mercer Growth • Mercer High Growth • Mercer Moderate Growth • Mercer Defensive • Mercer Diversified Growth 	<ul style="list-style-type: none"> Between 0.42% p.a. and 0.48% p.a.** 0.94% p.a. 0.18% p.a. 0.42% p.a. 0.42% p.a. 0.41% p.a. 0.45% p.a. 0.51% p.a.
Growth Rate	
<ul style="list-style-type: none"> • Default Arrangement • Mercer Active Global Equity • Mercer Active Money Market • Mercer Growth • Mercer High Growth • Mercer Moderate Growth • Mercer Defensive • Mercer Diversified Growth 	<ul style="list-style-type: none"> Between 1.39% p.a. and 3.63% p.a. above inflation** 3.73% p.a. above inflation 0.49% p.a. below inflation*** 3.63% p.a. above inflation 3.62% p.a. above inflation 1.61% p.a. above inflation 1.60% p.a. above inflation 3.69% p.a. above inflation

* Fund charges are determined by summing the TER as at 31 March 2025 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

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 24 years of £245,318 means that the fund value at the end of that period would be an amount that has equivalent purchasing power to that of £245,318 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	£32,442	£32,306	£32,470	£32,164	£31,282	£31,224
5	£63,088	£62,038	£63,315	£60,966	£54,365	£53,975
10	£108,094	£104,878	£108,810	£101,666	£82,595	£81,567
15	£161,895	£155,024	£163,458	£148,295	£110,147	£108,249
20	£221,056	£208,546	£229,100	£201,715	£137,036	£134,049
24	£263,231	£245,318	£291,003	£250,002	£158,081	£154,075
Breakdown at Year 24						
Initial Pot Size	£25,440	£25,440	£25,440	£25,440	£25,440	£25,440
Total Employee Contributions	£55,541	£55,541	£55,541	£55,541	£55,541	£55,541
Total Employer Contributions	£87,939	£87,939	£87,939	£87,939	£87,939	£87,939
Gross Investment Returns	£94,311	£94,311	£122,083	£122,083	-£10,839	-£10,839
Impact of Costs and Charges	£0	-£17,913	£0	-£41,001	£0	-£4,006
Total Fund Value	£263,231	£245,318	£291,003	£250,002	£158,081	£154,075

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	£32,442	£32,306	£32,437	£32,301	£31,871	£31,739
5	£63,088	£62,038	£63,046	£62,001	£58,648	£57,694
10	£108,094	£104,878	£107,960	£104,764	£94,615	£91,909
15	£161,895	£155,024	£161,603	£154,780	£133,567	£128,204
20	£226,209	£213,725	£225,670	£213,281	£175,755	£166,705
24	£286,598	£267,815	£285,778	£267,149	£212,014	£199,185
Breakdown at Year 24						
Initial Pot Size	£25,440	£25,440	£25,440	£25,440	£25,440	£25,440
Total Employee Contributions	£55,541	£55,541	£55,541	£55,541	£55,541	£55,541
Total Employer Contributions	£87,939	£87,939	£87,939	£87,939	£87,939	£87,939
Gross Investment Returns	£117,678	£117,678	£116,858	£116,858	£43,094	£43,094
Impact of Costs and Charges	£0	-£18,783	£0	-£18,629	£0	-£12,829
Total Fund Value	£286,598	£267,815	£285,778	£267,149	£212,014	£199,185

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	£31,870	£31,728	£32,458	£32,294	£31,282	£31,224
5	£58,636	£57,610	£63,216	£61,949	£54,365	£53,975
10	£94,580	£91,673	£108,497	£104,616	£82,595	£81,567
15	£133,497	£127,740	£162,774	£154,481	£110,147	£108,249
20	£175,635	£165,929	£227,834	£212,757	£137,036	£134,049
24	£211,841	£198,091	£289,072	£266,380	£158,081	£154,075
Breakdown at Year 24						
Initial Pot Size	£25,440	£25,440	£25,440	£25,440	£25,440	£25,440
Total Employee Contributions	£55,541	£55,541	£55,541	£55,541	£55,541	£55,541
Total Employer Contributions	£87,939	£87,939	£87,939	£87,939	£87,939	£87,939
Gross Investment Returns	£42,921	£42,921	£120,152	£120,152	-£10,839	-£10,839
Impact of Costs and Charges	£0	-£13,750	£0	-£22,692	£0	-£4,006
Total Fund Value	£211,841	£198,091	£289,072	£266,380	£158,081	£154,075

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	41 (<i>the median age for active members</i>)
• Starting Salary	£38,570 p.a.
• Salary Increases	2.5% p.a. (<i>salary increases in line with inflation</i>)
• Starting Pot Size	£25,440
• Total Contribution Rate	15.5%

Youngest deferred member

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 £10,592 means that the fund value at the end of that period would be an amount that has equivalent purchasing power to that of £10,592 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	£3,213	£3,199	£3,216	£3,185	£3,085	£3,079
5	£3,706	£3,629	£3,724	£3,552	£3,025	£2,998
10	£4,430	£4,248	£4,473	£4,069	£2,953	£2,899
15	£5,296	£4,972	£5,373	£4,661	£2,882	£2,803
20	£6,331	£5,820	£6,454	£5,340	£2,812	£2,710
25	£7,568	£6,813	£7,752	£6,118	£2,745	£2,621
30	£9,047	£7,975	£9,312	£7,010	£2,679	£2,534
35	£10,789	£9,310	£11,185	£8,030	£2,614	£2,451
40	£12,286	£10,357	£13,435	£9,200	£2,552	£2,370
42	£12,678	£10,592	£14,458	£9,714	£2,527	£2,338
Breakdown at Year 42						
Initial Pot Size	£3,100	£3,100	£3,100	£3,100	£3,100	£3,100
Gross Investment Returns	£9,578	£9,578	£11,358	£11,358	-£573	-£573
Impact of Costs and Charges	£0	-£2,086	£0	-£4,744	£0	-£189
Total Fund Value	£12,678	£10,592	£14,458	£9,714	£2,527	£2,338

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	£3,213	£3,199	£3,212	£3,199	£3,150	£3,137
5	£3,706	£3,629	£3,702	£3,626	£3,357	£3,288
10	£4,430	£4,248	£4,422	£4,241	£3,636	£3,488
15	£5,296	£4,972	£5,281	£4,960	£3,938	£3,700
20	£6,331	£5,820	£6,308	£5,802	£4,265	£3,925
25	£7,568	£6,813	£7,533	£6,786	£4,619	£4,164
30	£9,047	£7,975	£8,998	£7,937	£5,003	£4,417
35	£10,814	£9,335	£10,746	£9,283	£5,419	£4,686
40	£12,928	£10,928	£12,834	£10,858	£5,869	£4,971
42	£13,884	£11,638	£13,779	£11,560	£6,059	£5,089
Breakdown at Year 42						
Initial Pot Size	£3,100	£3,100	£3,100	£3,100	£3,100	£3,100
Gross Investment Returns	£10,784	£10,784	£10,679	£10,679	£2,959	£2,959
Impact of Costs and Charges	£0	-£2,246	£0	-£2,219	£0	-£970
Total Fund Value	£13,884	£11,638	£13,779	£11,560	£6,059	£5,089

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	£3,150	£3,136	£3,214	£3,198	£3,085	£3,079
5	£3,357	£3,282	£3,716	£3,623	£3,025	£2,998
10	£3,634	£3,475	£4,454	£4,234	£2,953	£2,899
15	£3,935	£3,680	£5,339	£4,948	£2,882	£2,803
20	£4,261	£3,896	£6,400	£5,783	£2,812	£2,710
25	£4,613	£4,126	£7,671	£6,759	£2,745	£2,621
30	£4,995	£4,368	£9,195	£7,899	£2,679	£2,534
35	£5,408	£4,625	£11,022	£9,231	£2,614	£2,451
40	£5,856	£4,897	£13,212	£10,788	£2,552	£2,370
42	£6,045	£5,011	£14,205	£11,482	£2,527	£2,338
Breakdown at Year 42						
Initial Pot Size	£3,100	£3,100	£3,100	£3,100	£3,100	£3,100
Gross Investment Returns	£2,945	£2,945	£11,105	£11,105	-£573	-£573
Impact of Costs and Charges	£0	-£1,034	£0	-£2,723	£0	-£189
Total Fund Value	£6,045	£5,011	£14,205	£11,482	£2,527	£2,338

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
23 (*the youngest deferred member*)
- Starting Pot Size
£3,100 (*based on sample of members*)

Average deferred member

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 26 years of £15,853 means that the fund value at the end of that period would be an amount that has equivalent purchasing power to that of £15,853 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	£7,959	£7,926	£7,967	£7,892	£7,643	£7,629
5	£9,181	£8,990	£9,225	£8,799	£7,495	£7,426
10	£10,975	£10,523	£11,081	£10,080	£7,315	£7,181
15	£13,120	£12,318	£13,310	£11,548	£7,139	£6,944
20	£15,572	£14,307	£15,988	£13,231	£6,968	£6,715
25	£17,498	£15,701	£19,205	£15,158	£6,800	£6,493
26	£17,742	£15,853	£19,922	£15,576	£6,767	£6,450
Breakdown at Year 26						
Initial Pot Size	£7,680	£7,680	£7,680	£7,680	£7,680	£7,680
Gross Investment Returns	£10,062	£10,062	£12,242	£12,242	-£913	-£913
Impact of Costs and Charges	£0	-£1,889	£0	-£4,346	£0	-£317
Total Fund Value	£17,742	£15,853	£19,922	£15,576	£6,767	£6,450

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	£7,959	£7,926	£7,958	£7,924	£7,804	£7,771
5	£9,181	£8,990	£9,173	£8,983	£8,318	£8,147
10	£10,975	£10,523	£10,955	£10,506	£9,009	£8,642
15	£13,120	£12,318	£13,084	£12,289	£9,757	£9,168
20	£15,683	£14,419	£15,627	£14,373	£10,567	£9,725
25	£18,748	£16,879	£18,664	£16,811	£11,444	£10,316
26	£19,430	£17,419	£19,338	£17,346	£11,628	£10,439
Breakdown at Year 26						
Initial Pot Size	£7,680	£7,680	£7,680	£7,680	£7,680	£7,680
Gross Investment Returns	£11,750	£11,750	£11,658	£11,658	£3,948	£3,948
Impact of Costs and Charges	£0	-£2,011	£0	-£1,992	£0	-£1,189
Total Fund Value	£19,430	£17,419	£19,338	£17,346	£11,628	£10,439

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	£7,803	£7,768	£7,963	£7,923	£7,643	£7,629
5	£8,315	£8,132	£9,206	£8,976	£7,495	£7,426
10	£9,004	£8,610	£11,035	£10,490	£7,315	£7,181
15	£9,749	£9,117	£13,227	£12,259	£7,139	£6,944
20	£10,555	£9,653	£15,855	£14,327	£6,968	£6,715
25	£11,429	£10,221	£19,005	£16,744	£6,800	£6,493
26	£11,612	£10,338	£19,706	£17,274	£6,767	£6,450
Breakdown at Year 26						
Initial Pot Size	£7,680	£7,680	£7,680	£7,680	£7,680	£7,680
Gross Investment Returns	£3,932	£3,932	£12,026	£12,026	-£913	-£913
Impact of Costs and Charges	£0	-£1,274	£0	-£2,432	£0	-£317
Total Fund Value	£11,612	£10,338	£19,706	£17,274	£6,767	£6,450

<p>Assumptions</p> <p>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.</p> <p>Retirement Age, Inflation, Charges and Growth Rate assumptions are the same as set out in the youngest active member illustration above.</p>	
<p>Member Assumptions</p> <ul style="list-style-type: none"> • Age • Starting Pot Size 	<p>39 (<i>the median age for deferred members</i>)</p> <p>£7,680</p>

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 2025		
	Age of member at start of period	1 year	5 year
25	3.7%	7.9%	4.7%
45	3.7%	7.9%	4.7%
55	3.7%	7.7%	4.5%

* 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 2025		
	Age of member at start of period	1 year	5 year
25	3.7%	7.9%	4.7%
45	3.7%	7.9%	4.7%
55	3.7%	7.1%	3.2%

* 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 2025		
	Age of member at start of period	1 year	5 year
25	3.7%	7.9%	4.7%
45	3.7%	7.9%	4.7%
55	3.7%	7.7%	4.2%

* Inception was May 2019

Source: Scottish Widows.

**(iv) Self-select funds which were available to members over the year to 31 March 2025
(including technical default investment arrangements)**

Self-select fund	Annualised returns to 31 March 2025		
	1 year	5 year	Since inception*
Mercer Defensive	1.6%	1.3%	0.9%
Mercer Moderate Growth	3.0%	5.6%	3.5%
Mercer Growth	3.7%	7.9%	4.7%
Mercer High Growth	3.8%	9.6%	5.7%
Mercer Diversified Growth	4.1%	7.6%	4.4%
Mercer Active Global Equity	5.2%	14.5%	10.7%
Mercer Active Money Market	4.9%	2.4%	2.1%
Mercer Active Sustainable Global Equity	0.0%	-**	4.6%**
Mercer Passive Sustainable Global Equity	5.5%	-**	6.9%**
Mercer Shariah	3.7%	-***	16.3%***

* Inception was May 2019 unless noted otherwise

** Inception was June 2021

*** Inception was April 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”), for the first scheme year that ends after 1 October 2023, 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	2.47%	2.47%	2.47%	25.89%
Bonds	23.09%	23.09%	23.09%	45.45%
Corporate Bonds	6.23%	6.23%	6.23%	23.31%
Government Bonds	16.86%	16.86%	16.86%	22.14%
Other Bonds	0.00%	0.00%	0.00%	0.00%
Listed Equity	66.41%	66.41%	66.41%	22.23%
Private Equity	0.00%	0.00%	0.00%	0.00%
Infrastructure	0.00%	0.00%	0.00%	0.00%
Property/Real Estate	1.00%	1.00%	1.00%	0.74%
Private Debt/Credit	0.00%	0.00%	0.00%	0.00%
Other	7.03%	7.03%	7.03%	5.69%

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 retiring before 2026. For members retiring after 2026, the asset allocation will change to reflect a smaller allocation to cash at retirement. 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. Likewise, if a member remained invested past their 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	2.47%	0.85%	0.45%	8.89%	3.63%	100.00%
Bonds	23.09%	23.97%	48.34%	72.81%	28.85%	0.00%
Corporate Bonds	6.23%	9.85%	19.92%	29.52%	14.21%	0.00%
Government Bonds	16.86%	14.12%	26.92%	38.54%	14.64%	0.00%
Other Bonds	0.00%	0.00%	1.50%	4.75%	0.00%	0.00%
Listed Equity	66.41%	70.93%	43.15%	12.34%	45.16%	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%	5.02%	0.00%
Property/Real Estate	1.00%	0.97%	0.95%	0.99%	6.03%	0.00%
Private Debt/Credit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	7.03%	3.28%	7.11%	4.97%	11.31%	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