

## Dean Witter Reynolds Retirement Benefits Scheme Annual Chair Statement 2024

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### Note from the Chair

Dear members,

On behalf of the Trustees of the Dean Witter Reynolds Retirement Benefits Scheme “the Scheme”, thank you for taking the time to review this report.

Within this report we set out our assessment of how your pension Scheme has delivered for you over the year to 31 December 2024 and the actions that we have undertaken over the year in relation to the Scheme. A number of sections within this report are required by law and may be more technical in nature – we have worked to set this out in the most digestible way possible for you.

As Trustees of the Scheme, we aim to act in the best interest of the Scheme’s members, to achieve security in protecting your benefits, assistance to support you make informed decisions, good value and quality investment options and to deliver a positive experience for you.

Key Messages from the year:

- 2024 has been a positive year for the Scheme, with strong investment market performance supporting robust returns.
- As part of our ongoing commitment to maintain a high-quality investment strategy, we have appointed new investment advisers and will undertake a triennial investment strategy review during 2025. Whilst not required by regulation, this review aims to ensure that our strategy is delivering the best outcomes for you and that the Scheme is run efficiently for members.
- We are committed to delivering a good value pension scheme. We have completed an

assessment of the value that the Scheme delivers to you as members, the result of this concluded that the Scheme’s investment arrangement does offer good value for members. This assessment considers not only the costs that you pay, but also importantly considers the services you receive as part of the Scheme.

- While investment markets have presented a number of challenges over recent years, the Scheme has successfully navigated 2024’s volatility to bring strong performance for the Scheme. We have been monitoring the performance of your funds on a regular basis. The investment strategy continues to deliver in line with the objectives set.
- The level of administration service to you continues to be strong, delivered by Aptia, the Schemes administrator.
- We remain committed to strengthening our knowledge on pensions matters through ongoing training and education, to make the most informed decisions on your behalf.

We remain committed to continuing our work on delivering, maintaining and evolving your Scheme. We look forward to exploring new opportunities over 2025 and communicating exciting changes to you over the coming months.

**Andrew Trapnell**  
*Chair of the Trustees*

# Background and Chair's Statement

## Introduction

This statement has been prepared by the Trustees of the Dean Witter Reynolds Retirement Benefits Scheme (the 'Scheme') in line with legal requirements. This document sets out the Trustees' approach to governance of the Defined Contribution ('DC') section of the Scheme for the period from 1 January 2024 to 31 December 2024 and describes how the Trustees have met their legal obligations in the following areas:

- Details of the investment options available to members through the Scheme
- The requirements for processing financial transactions
- Net return on investments
- Report on the charges and transaction costs for investments used within the default arrangement and self-select range and the extent to which charges and costs represent good value for Members
- Illustration of the impact of investment returns and transaction costs and charges on a members' pot
- How the combined knowledge and understanding of the Trustees and their advisors enables the Trustees to properly run the Scheme
- Disclosure of the full asset allocations of investments in the Scheme's default arrangement

During the Scheme year, the Trustees undertook a review of their advisers and appointed new firms for legal and investment advice. They are as follows:

- Legal advisers: Eversheds
- Investment advisers: Isio

The Trustees are also supported by the following advisor and auditor, which have not changed during the Scheme year:

- Actuarial advisor: Mercer
- Audit: Deloitte

The Trustees are also supported by the following advisor and auditor, which have not changed during the Scheme year:

In drafting this statement, the Trustees have received legal and investment advice.

The Dean Witter Reynolds Retirement Benefits Scheme 'is an occupational pension scheme providing benefits on a defined contribution and defined benefits basis to past employees of Dean Witter. The principal employer to the Scheme is Morgan Stanley (DWRRBS) Limited (the 'Company').

This statement is published publicly online at the following website:

<https://www.morganstanley.com/disclosures/the-dean-witter-reynolds-retirement-benefits-scheme>

It will also be referenced in the annual benefit statement.

# Default Arrangement

## Default Arrangement

The default arrangement is the investment arrangement that pension contributions will be paid into for members who have not made their own investment choice (self-selected).

The Scheme has fewer than 100 members and is a closed scheme that is not used for auto-enrolment. Due to these circumstances, no default fund requirements apply to the Scheme and there is no legal requirement for a Statement of Investment Principles (SIP).

The fund with the highest member take-up and assets invested is the Active Diversified Growth Fund (the 'ADGF') and is therefore considered to be the most popular arrangement or proxy "default" arrangement by the Trustees for the purpose of this statement. However, this is not a formal default arrangement, as per regulations, as the Scheme is closed and is not being used as a qualifying Scheme for auto-enrolment purposes.

The Trustees acknowledge that this arrangement may not be appropriate for all members, therefore a range of additional self-select funds are made available for members to self-select. The Trustees encourage members to think about their own individual retirement objectives when making decisions. Members are supported by clear communications outlining their options.

The Trustees have an agreement for access to the fund range utilised by the Morgan Stanley UK Group Pension Plan (the 'MS Plan'). This agreement allows the Trustees to offer any of the MS Plan's fund range to members of the Scheme, at a lower fee than the Scheme would be able to otherwise access, leveraging the scale of the MS Plan. The Scheme's Trustees have delegated strategic decisions to the MS Plan Trustees, including adding and removing funds. The Scheme Trustees will be informed of any strategic decisions and have the ability to add and remove funds from the Scheme's fund range if they do not agree with the changes made by the MS Plan Trustees.

## Review of the Arrangement

Due to the nature of the most popular arrangement, the Trustees are not required by Regulations to undertake triennial reviews of the arrangement. However, as a matter of best practice, the Trustees aim to review the ADGF and self-select range every three years. The last review took place in March 2022, with the next review scheduled in 2025. The MS Plan Trustee has recently completed a review in 2024, which the Scheme Trustees have been kept up to date on. During 2025, as noted above, the Trustees will review the final outcome of this and decide whether to add or remove any funds from the new fund range for the Scheme.

In addition to the formal triennial review, the Trustees review performance of the Scheme's investment arrangements on a regular basis, with detailed quarterly performance reporting.

## Statement of Investment Principles

As the Scheme has fewer than 100 members and is a closed Scheme that is not used for auto-enrolment, the Scheme does not fulfil the requirements for maintaining a SIP. As such, the Trustees have agreed they will not maintain a SIP.

# Internal Controls and Core Financial Transactions

## Financial Transactions

As part of their ongoing monitoring, the Trustees review the existing administration services provided to the Scheme by Aptia Group Limited ('Aptia'). As required by Regulation 24 of the Administration Regulations, the Trustees must ensure that core financial transactions are processed promptly and accurately. Core financial transactions include:

- Investment of contributions paid to the Scheme
- Transfers of members' assets into and out of the Scheme
- Transfers of members' assets between different investment options available in the Scheme
- Payments from the Scheme to, or in respect of members

The Trustees have agreed minimum timescales with Aptia for processing requests, including core financial functions as outlined above. The Service Level Agreements (SLAs) in place cover both the accuracy and timeliness of the financial transactions.

A summary of the SLAs achieved over the Scheme year are outlined below:

REPORTING PERIOD	CASES RECEIVED	CASES COMPLETED IN SLA	SLA ACHIEVED
2024	55	53	96.36%

Over the Scheme year there were no reportable issues with respect to the SLAs.

In order to monitor compliance of core financial transaction processing, the Trustees:

- Maintain a Risk Register, which outlines risks in relation to processing core financial transactions. The Scheme's Risk Register outlines all of the risks to Scheme members and these are monitored and reviewed at least annually.
- Review and discuss Aptia's administration reports every six months to determine whether any service issues have arisen.
- Ensure that detailed disaster recovery plans are in place with the administrator and other relevant third parties.
- Appoint Scottish Widows to provide investment platform services to the Scheme with oversight from Mercer Workplace Savings ('MWS'). The Trustees last undertook a full formal review of the Scottish Widows Investment Platform on appointment in 2011 and conducts informal periodic reviews.
- Appoint an independent auditor (Deloitte LLP) to carry out an annual audit of the Scheme, including the core financial transactions that have taken place during the Scheme year.

Notable incidents:

There were no breaches or incidents over the Scheme year.

The Trustees, in conjunction with the legal advisers, Scheme administrator and the Company, regularly review the Scheme's compliance with relevant data protection legislation and guidance and captures any risks and any further reviews required in the Trustees' business plan and/ or risk register.

# Assessment of member-borne charges and transaction costs

## Charges and transaction costs

As required by Regulation 25 of the Administration Regulations, the Trustees are required to report on the charges and transaction costs for the investments offered by the Scheme and their assessment of the extent to which the charges and costs represent good value for members.

The Trustees are required to set out the ongoing charges incurred by members in this statement, which are annual management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs. This is also known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the funds. The TER is a combination of the Annual Management Charge ("AMC") which is the core charge for accessing and managing the fund and Additional Fund Expenses ("AFE") which include variable costs associated with managing the fund such as administrative, audit and legal fees. These have all been laid out below. Where applicable, the AMC includes a Mercer Intermediary Charge (for the use of MWS services), as well as an investment platform fee for accessing the funds via the Scottish Widows Platform.

These charges are deducted from the funds in which members invest. All other costs associated with running the Scheme, which include administration, legal, advisory or communication costs are borne by the Company and not passed onto members. This is not the case for the AVC funds, however, where members will incur administration expenses.

The Trustees are also required to disclose the level of any transaction costs. These are incurred when the Scheme's investment managers buy and sell assets within funds but are exclusive of any costs incurred when members invest in and switch between funds.

The charges and transaction costs have been supplied by Scottish Widows, as at 31 December 2024. When preparing this section of the statement, the Trustees have taken account of the relevant statutory guidance.

Most popular (proxy "default") arrangement

The below table includes the charges for the most popular arrangement.

Whilst this is not a formal default, the charges incurred for members within this fund comply with the Regulations on charge controls, introduced from April 2015. The TER is below the charge cap of 0.75%.

FUND	ANNUAL MANAGEMENT CHARGE (%)	ADDITIONAL FUND EXPENSES (%P.A.)	TOTAL EXPENSE RATIO (%P.A.)	TRANSACTION COSTS (%P.A.) 2024	AVERAGE TRANSACTION COSTS (%P.A.)
Active Diversified Growth	0.387	0.021	0.408	0.140	0.148

### Notes:

Average transaction costs are calculated by averaging annual transaction costs of the funds over a 5-year period, or maximum number of years available if less than this, ending on 31 December 2024. Where the transaction cost for a fund is a negative number for any one-year period, this

is assumed to be zero in the calculation of the average transaction costs for that fund. In practice, a negative number means the returns on the fund have been positively affected by the transaction costs.

### Self-select range

The table below includes the charges for the self-select range of funds.

Illustrations about the cumulative effect of costs and charges on member savings within the Scheme are set out in the Appendix.

FUND	ANNUAL MANAGEMENT CHARGE (%)	ADDITIONAL FUND EXPENSES (% P.A.)	TOTAL EXPENSE RATIO (% P.A.)	TRANSACTION COSTS (% P.A.) 2024	AVERAGE TRANSACTION COSTS (% P.A.)
Active Diversified Growth	0.387	0.021	0.408	0.140	0.148
Active Diversified Retirement	0.323	0.032	0.355	0.101	0.123
Active Sustainable Equity	0.717	0.140	0.857	0.201	0.253
Cash	0.142	0.000	0.142	0.013	0.013
DW Future World Annuity Aware	0.117	0.000	0.117	0.000	0.000
Passive Emerging Markets Equity	0.172	0.060	0.232	0.000	0.004
Passive Europe (ex-UK) Equity	0.072	0.015	0.087	0.030	0.010
Passive Global Equity	0.147	0.000	0.147	0.044	0.046
Passive Japan Equity	0.072	0.012	0.084	-0.015	0.006
Passive Pacific Rim (ex-Japan) Equity	0.072	0.015	0.087	0.000	0.001
Passive UK Equity	0.072	0.003	0.075	0.049	0.051
Passive US Equity	0.072	0.008	0.080	0.001	0.020

### Additional voluntary contributions (AVCs)

As at 31 December 2024, there are members of the Scheme with AVC investments in a unit-linked Clerical Medical Halifax Pension Fund. Details of the charges and cost information for the fund are included below:

FUND	TER (%)	2024 TRANSACTION COSTS (%)	TOTAL COSTS (%)
Clerical Medical Liquidity	0.500	0.000	0.500

#### Notes:

Charges assumed for the fund are as provided by Clerical Medical as at 31 December 2022. As this fund only invests in bank deposits, as confirmed by Clerical Medical, no transaction costs are incurred. Clerical Medical have not provided information as at 31 December 2024 at the time of writing.

## Value Assessment

The Trustees have assessed the extent to which the Scheme represents good value for members for the costs and charges deducted from their accounts. The Trustees continue to challenge the methodology used for this assessment to continually raise the bar for value for their scheme members. The Trustees are committed to ensuring that members receive value for money from the Scheme. Whilst 'value' is a difficult concept to precisely quantify, the Trustees consider 'Good Value' to represent a fair scheme where the costs charged to members are proportionate and reasonable for the quality of the service received for that fee. It should be appropriate at the Scheme level as well as when being compared to the broader market.

The VfM assessment, covering the period to 31 December 2023, evaluated whether the Scheme delivers member value across three core pillars: costs/charges, net investment performance, and governance/administration. The Trustees concluded the Scheme provides good value for members. While costs and charges were marginally higher than comparator schemes – reflecting the Scheme's higher use of active management – this was offset by stronger net investment performance, which generated higher returns than the comparator's average over 1- and 3-years, and remained closely aligned with the comparator's average over longer-term.. The Scheme's governance and administration also offered good value for members, with the Trustees and Aptia running the arrangement efficiently.

The Trustees, with the support of its advisers, Isio, undertook a value for members' assessment in 2025 covering the Scheme year to 31 December 2024. This review was completed in accordance with the requirements for schemes with under £100m of assets set out in the Occupational Pension Schemes (Scheme Administration) Regulations 1996. In conducting this review, the Trustees only consider the level of investment costs, given all administration costs are met by the Company. Value is also assessed on a number of factors, not on fees alone.

This assessment had three components:

- Comparison of the Scheme's costs and charges with those of three larger schemes (each with assets exceeding £100m)
- Comparison of the Scheme's net investment returns with those of three larger schemes (each with assets exceeding £100m)
- A rigorous self-assessment of the Scheme's governance and administration using six underlying metrics in line with all statutory requirements and regulations.

The Trustees have concluded that the Scheme's investment arrangements do represent good value to members. This is based on the following rationale:

- Comparison of costs and charges: The Scheme's 'popular arrangement' (the Active Diversified Growth Fund) utilises a more sophisticated and actively managed investment approach than the comparator arrangements, which are largely passively managed multi-asset funds. Therefore, whilst costs of the popular arrangement does not compare favourably on a costs and charges perspective, we note that this part of the assessment focuses purely on fees and does not consider the complexity of the arrangement, and we consider its fee structure appropriate given the complexity and potential value-added nature of the strategy.
- Comparison of net investment returns: The Trustee has assessed the Scheme as offering good value from a net investment performance perspective. The Trustee has also noted that the following strategy review changes will be made to the funds available, including increasing the allocation to equities and growth-oriented diversifiers within the Active Diversified Growth Fund, thereby potentially increasing the expected future return.
- Assessment of governance and administration: The Trustee has assessed the Scheme as offering good value from a governance and administration perspective but will implement a plan to improve the quality of Conditional Data available.



## Net Investment Returns

From 1 October 2021, in line with the Occupational Pension Schemes (Administration, Investment, Charges and Governance Amendment) Regulations 2021 the Trustees are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. The Trustees calculated the return on investments, having regard to the statutory guidance, as far as they were able to do so.

Furthermore, the Plan has a small number of assets held in AVC's with Clerical Medical, we have engaged with them, however at the time of writing, they have not been able to provide any investment returns.

### Most popular arrangement – the Active Diversified Growth Fund:

AGE OF MEMBER AT BEGINNING OF PERIOD (YEARS)	1 YEAR (%) 1 JANUARY 2024 – 31 DECEMBER 2024	3 YEARS (% P.A.) 1 JANUARY 2022 – 31 DECEMBER 2024	5 YEARS (% P.A.) 1 JANUARY 2020 – 31 DECEMBER 2024
25	10.4	3.0	5.9
45	10.4	3.0	5.9
55	10.4	3.0	5.9

Below are the annualised net investment returns to 31 December 2024 for the self-select funds:

FUND	1 YEAR (%) 1 JANUARY 2024 – 31 DECEMBER 2024	3 YEARS (% P.A.) 1 JANUARY 2022 – 31 DECEMBER 2024	5 YEARS (% P.A.) 1 JANUARY 2020 – 31 DECEMBER 2024
Active Diversified Growth	10.4	3.0	5.9
Active Diversified Retirement	5.4	-0.9	2.6
Active Sustainable Equity	10.9	0.9	7.8
Cash	5.1	3.6	2.2
DW Future World Annuity Aware	-3.5	-9.8	-5.0
Passive Emerging Markets Equity	11.7	0.7	2.5
Passive Europe (ex-UK) Equity	1.5	2.6	6.5
Passive Global Equity	17.0	6.0	9.0
Passive Japan Equity	8.0	5.1	5.6
Passive Pacific Rim (ex-Japan) Equity	-3.3	-0.4	3.0
Passive UK Equity	8.3	4.6	3.9
Passive US Equity	27.6	11.2	15.5

#### Notes:

- Returns are calculated as the annual geometric mean
- Age-related returns for members in lifestyle strategies assume annual switching in the glidepath and a retirement age of 65
- The funds were launched in June 2019.



## Asset Allocation Disclosure

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 (“the 2023 Regulations”) introduced new requirements for trustees and managers of certain occupational pension schemes.

The below table sets out the asset allocation of the most popular arrangement across the core asset classes noted as:

- Cash
- Bonds
- Listed Equities
- Private Equities
- Infrastructure
- Property
- Private Debt
- Other (any assets which do not fall into the above)

Within the below table, the Trustees have provided a further breakdown within some of these broader categories.

ASSET CLASS	STRATEGIC ASSET ALLOCATION (%)			
	25 YEAR OLD	45 YEAR OLD	55 YEAR OLD	1 DAY PRIOR TO RETIREMENT
Cash	0.7	0.7	0.7	0.7
Bonds	9.4	9.4	9.4	9.4
Fixed Interest government bonds	0.8	0.8	0.8	0.8
Index-linked government bonds	0.0	0.0	0.0	0.0
Investment grade bonds	2.2	2.2	2.2	2.2
Non-investment grade bonds	3.5	3.5	3.5	3.5
Securitised credit	3.0	3.0	3.0	3.0
Listed equities	60.0	60.0	60.0	60.0
UK equities	1.9	1.9	1.9	1.9
Developed Market equities	48.6	48.6	48.6	48.6
Emerging markets	9.5	9.5	9.5	9.5
Private equities	0.0	0.0	0.0	0.0
Venture Capital	0.0	0.0	0.0	0.0
Growth equity	0.0	0.0	0.0	0.0
Buyout / Leveraged funds	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Property	7.2	7.2	7.2	7.2
Private debt	0.0	0.0	0.0	0.0
Other*	22.7	22.7	22.7	22.7
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Notes:

- Totals may not sum to 100% due to rounding
- Allocations are based on strategic asset allocation of underlying funds in the popular arrangement as at 31 December 2024
- \*'Other' includes commodities, derivatives, futures, and other non-standard asset classes. The arrangement invests in funds with liquid alternative strategies and therefore has a higher allocation to 'Other'

# Trustee Knowledge and Understanding

## Training

In accordance with sections 247 and 248 of the Pensions Act 2004, and in line with the General Code, the Trustee is required to maintain an appropriate level of knowledge and understanding which, together with the professional advice that is available to them, enables them to properly exercise their functions and duties in relation to the Scheme. Trustee training is of high importance to the good running of the Scheme. The Trustees are required to have the necessary knowledge and understanding of:

- the Trust Deed and Rules of the Scheme
- all documents setting out the Trustees' current policies
- the law relating to pensions and trusts
- the principles relating to the funding and investment of occupational pension schemes
- the identification, assessment and management of risks and opportunities relating to the Scheme from the effects of climate change, including risks and opportunities arising from steps taken because of climate change

The Trustees have demonstrated that they, both individually and collectively, have the necessary knowledge and understanding of the above matters to enable them to properly exercise their functions as Trustees. Over the Scheme Year, the Trustees have undertaken the following actions to maintain and improve their knowledge and understanding:

- All Trustees have access to the Trust Deed and Rules, current policies and all other relevant Scheme documents through an online directory
- The Trustees were supported by professional advisers, who attended Trustee Board meetings and provided advice and support. The Trustees received advice from their professional advisers, in particular its legal adviser, prior to key decisions being taken, to ensure decisions were made in line with the Scheme Rules and applicable legislation
- All Trustees are required to complete The Pensions Regulator's 'Trustee toolkit' training, which ensures all Trustees have a level of understanding of the legal and regulatory matters relating to pensions and trusts. New Trustees must complete this upon joining the Board

- The Risk Register is reviewed at least annually. This demonstrates that the Trustees have the required knowledge of the Pensions Regulator's DC Code and hold relevant knowledge on DC specific internal controls and the regulatory requirements
- The Trustees refer to the Trust Deed and Rules, where relevant, on deciding individual member cases. In order to maintain this level of knowledge, the Trustees maintain a training log recording all training activities, this is reviewed and considered throughout the year to determine any specific needs or gaps in knowledge. The Trustees also continue to receive ongoing training from advisers on industry trends, changes in legislation and relevant developments for the running of the Scheme.

During the Scheme year to 31 December 2024, the Trustees have demonstrated their continuous commitment to learning by undertaking training:

- the principles relating to the funding and investment of occupational pension schemes
- the identification, assessment and management of risks and opportunities relating to the Scheme from the effects of climate change, including risks and opportunities arising from steps taken because of climate change
- The Trustees attended an external conference, outside of formal Trustee meetings, on the future of investment which was led by a range of professional speakers

Outside of the usual training the Trustees undertake throughout the year, new Trustees receive detailed training from the Scheme's advisors covering legal, actuarial and investment themes. These are very specific to the Scheme and the skillset of the Trustees to cover gaps in knowledge. During the Scheme Year, the Trustees met the requirements of sections 247 and 248 of the 2004 Act (requirements for knowledge and understanding) and will be continuing to ensure they receive ongoing training and development opportunities. The Trustees consider that the combined knowledge and understanding of its Trustees, along with the advice it receives from its advisers, allows it to properly exercise its functions.

### **Utilising Advisors**

The Trustees believe that the best run schemes utilise the combined skill and knowledge of both the Trustees and their professional advisors. The relevant skills and experience of those advisors are key criteria when evaluating advisor performance and selecting new advisors.

During the Scheme year, new advisors were appointed for both Legal and Investment advisory services. These advisors were appointed following a rigorous selection process, with formal RFI, interviews and procurement led processes to select the new advisors. Eversheds have been appointed legal advisors and Isio have been appointed as investment advisors. The Trustees worked closely with the Company for these appointments and will continue to monitor the competence of all advisors on a regular basis.

Additionally, the following measures have applied during the period:

- The Trustees' professional advisors attend their formal meetings
- The Trustee Board contains Trustees with wide ranging skills and experience, including pension experience
- The Trustees receive briefings from their advisors on all legislative and regulatory developments at each meeting

### **Assessing effectiveness**

The Trustees understand that knowledge and professional advice need to be used effectively in order for the Trustees to act properly. The Pensions Regulator's General Code came into force on 28 March 2024 and sets out the standards and conduct expected of the trustees of a well-run pension scheme. During the Scheme Year, the Trustees, with support from their legal advisors, undertook a gap analysis of the Scheme's existing policies and procedures against the requirements of the General Code and are preparing new and updated policies and procedures as appropriate to the Scheme.

### **Chair's Declaration**

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2025 (together 'the Regulations') and I confirm that the above statement has been produced by the Trustees to the best of my knowledge.

Signed:

*Andrew Trapnell*

Position:

*Chair of the Dean Witter Reynolds Retirement Benefits Scheme*

## Appendix - Member Illustrations

### Background

The next few pages contain illustrations about the cumulative effect of costs and charges on member savings within the selected investment funds over a given period of time. The illustrations have been prepared having regard to statutory guidance and all have been prepared in-line with AS TM01 guidance.

As each member has a different amount of savings within the Scheme and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustees have had to make assumptions about what these might be. The assumptions are explained in the Notes section below the illustrations.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future. This means that the information contained in this Chair's Statement is not a substitute for the individual and personalised illustrations which are provided to members each year by the Scheme.

### Key points to note

The tables below illustrate the potential impact that costs and charges might have on different investment options provided by the Scheme. Not all investment options are shown - the Trustees chose illustrations which they believe will provide an appropriate representative sample of the different investment choices that members can make.

In each of the illustrations, the "Before charges" column gives the hypothetical value of the investments if members were able to invest in funds at no cost. However, there will always be some cost to investing. This is because the organisations which manage the funds charge fees for their services, and because buying and selling the stocks and shares also have an associated cost. The "After all costs and charges deducted" column reflects the performance of the funds after these costs have been deducted.

In the illustrations, we have shown the projections for the following:

1. The most popular arrangement (Active Diversified Growth Fund)
2. The fund with the highest charges (Active Sustainable Equity)
3. The fund with the lowest charges (Passive Pacific Rim (ex-Japan) Equity)
4. The fund with the highest expected return (Passive Pacific Rim (ex-Japan) Equity)
5. The fund with the lowest expected return (Cash)

The illustrations have been prepared for a range of different member 'personas' to represent different individuals across the Scheme.

## Member A - Youngest Deferred Member

The table sets out how the pension pot of a member currently aged 49 (youngest age) will increase over time, up to age 65 in today's money for each of the stated funds, with and without the impact of charges.

Years from 31/12/24	Age	MOST POPULAR ARRANGEMENT		ACTIVE SUSTAINABLE EQUITY HIGHEST CHARGING FUND		PASSIVE PACIFIC RIM (EX-JAPAN) EQUITY LOWEST CHARGING FUND		PASSIVE PACIFIC RIM (EX-JAPAN) EQUITY HIGHEST EXPECTED RETURN		CASH LOWEST EXPECTED RETURN	
		Before Charges (£)	After all costs and charges deducted (£)	Before Charges (£)	After all costs and charges deducted (£)	Before Charges (£)	After all costs and charges deducted (£)	Before Charges (£)	After all costs and charges deducted (£)	Before Charges (£)	After all costs and charges deducted (£)
1	50	16,845	16,754	17,008	16,827	17,008	16,993	17,008	16,993	16,194	16,169
3	52	18,045	17,755	18,573	17,987	18,573	18,526	18,573	18,526	16,032	15,957
5	54	19,330	18,816	20,282	19,227	20,282	20,197	20,282	20,197	15,872	15,749
10	59	22,958	21,754	25,275	22,715	25,275	25,063	25,275	25,063	15,480	15,239
15	64	27,267	25,151	31,497	26,835	31,497	31,103	31,497	31,103	15,096	14,747
16	65	28,221	25,891	32,914	27,744	32,914	32,475	32,914	32,475	15,021	14,650

## Member B - Average Deferred Member

The table sets out how the pension pot of a member currently aged 57 (median age) will increase over time, up to age 65 in today's money for each of the stated funds, with and without the impact of charges.

Years from 31/12/24	Age	MOST POPULAR ARRANGEMENT		ACTIVE SUSTAINABLE EQUITY HIGHEST CHARGING FUND		PASSIVE PACIFIC RIM (EX-JAPAN) EQUITY LOWEST CHARGING FUND		PASSIVE PACIFIC RIM (EX-JAPAN) EQUITY HIGHEST EXPECTED RETURN		CASH LOWEST EXPECTED RETURN	
		Before Charges (£)	After all costs and charges deducted (£)	Before Charges (£)	After all costs and charges deducted (£)	Before Charges (£)	After all costs and charges deducted (£)	Before Charges (£)	After all costs and charges deducted (£)	Before Charges (£)	After all costs and charges deducted (£)
1	58	57,139	56,832	57,691	57,078	57,691	57,642	57,691	57,642	54,931	54,845
3	60	61,209	60,228	63,000	61,013	63,000	62,841	63,000	62,841	54,383	54,128
5	62	65,568	63,826	68,797	65,220	68,797	68,509	68,797	68,509	53,840	53,421
8	65	72,697	69,631	78,509	72,080	78,509	77,983	78,509	77,983	53,037	52,378

Notes on member illustrations:

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation
2. Retirement is assumed to be at age 65
3. The starting pot sizes are assumed to be: £16,275.20 for member A and £55,206.60 for member B
4. Inflation is assumed to be 2.5% each year
5. As member is deferred, no salary or contribution assumptions apply
6. Values shown are estimates and are not guaranteed
7. The projected growth rates (gross of fees, reduced for inflation) for each fund are shown below. These are consistent with the rates used in the Statutory Money Purchase Illustration (SMPI) Assumptions when preparing annual benefit statements and therefore aligned with AS TM01

FUND	GROSS SMPI ASSUMPTIONS (%P.A.)
Most Popular Arrangement	6.00
Highest Charging	7.00
Lowest Charging	7.00
Highest Expected Return	7.00
Lowest Expected Return	2.00

8. The charges assumed for each fund are the current charges as shown in the Statement

## Member Projection - Additional Voluntary Contributions

### CLERICAL MEDICAL LIQUIDITY

Years from 31/12/24	Age	Before charges (£)	After all costs and charges deducted (£)
1	64	3,980	3,960
2	65	3,960	3,920

Notes on member illustrations:

1. The illustrations show the how the pots grow for a 63-year-old-member. The projections are to age 65
2. The starting pot size for the member is assumed to be £4,000
3. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation
4. Charges assumed for the fund are as provided by Clerical Medical as at 31 December 2022. Clerical Medical have not provided information as at 31 December 24 at the time of writing
5. Inflation is assumed to be 2.5% each year
6. The member is assumed to be making no further contributions to the Scheme

FUND	GROSS SMPI ASSUMPTIONS (%P.A.)
Clerical Medical Liquidity	2.00

7. Values shown are estimates and are not guaranteed
8. The projected growth rates (gross of fees, reduced for inflation) for each fund are shown below. These are consistent with the rates used in the Statutory Money Purchase Illustration (SMPI) Assumptions when preparing annual benefit statements and therefore aligned with AS TM1



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