Morgan Stanley

Morgan Stanley UK Group Top-Up Pension Plan

Annual Chair Statement 2025 – 31 December 2025

Note from the Chair

Dear members,

On behalf of the Trustee of the Morgan Stanley UK Group Top-Up Pension Plan (the 'Trustee'), thank you for taking the time to review this report.

Within this report we set out our assessment of how your Pension Plan has delivered for you over the year to 31 December 2025 and the actions that we have undertaken over the year in relation to the Plan. 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 Trustee Directors of the Plan, we aim to act on behalf of the Plan's beneficiaries (you, the member), to achieve security in protecting your benefits, supporting you to make informed decisions, to provide value and quality investment options and deliver a positive experience for you.

Key Messages from the year:

- 2025 has been a positive year for the Plan with strong investment market performance supporting robust returns.
- As part of our ongoing commitment to maintain a high quality investment strategy, we have continued to progress and finalise our review of the default investment strategy, which began in 2024. Over the Plan year, we have finalised the design of the new default strategy, selected some new additions to the self-select range and undertaken extensive manager selection exercises to select our new managers. This review aims to ensure that our strategy is delivering good outcomes and that the Plan is run efficiently for you.
- The new investment strategy has been implemented over March / April 2026, which is outside of the period covered within this statement, this will be fully reflected in next year's report. We have included a summary of the key changes within the Default Arrangement section of this statement.
- We are committed to delivering a good value pension Plan. We have completed an assessment of the Value that the Plan delivers to you as members - the result of this concluded that the Plan does offer 'Good Value' to members. The Trustee's understanding of 'Good Value' is set out in the 'Assessment of member-borne charges and transaction costs' section of this statement. This assessment considers not only the costs that you pay, but also the services you receive as part of the Plan.
- Investment markets have presented a number of challenges over recent years, and 2025 continued to bring macro and geopolitical uncertainty and again was no stranger to volatility. We have been monitoring the performance of your funds on a regular basis. The default investment strategy continues to deliver in line with the objectives set.
- Your administration experience has also been strong, with key service levels maintained by Capita, the Plan's administrator.
- The Risk and Governance Committee has now been in place for the full Plan year and has provided a focussed opportunity to identify and manage emerging and existing risks to the Plan.
- We continue to push our own education on pension matters and continue to undertake training.

We remain committed to delivering, maintaining and evolving your Plan. We look forward to continuing this commitment over 2026.

Alanna Lee

Chair of the Trustee Board

Background and Chair's Statement

Introduction

This statement has been prepared by the Trustee of the Morgan Stanley UK Group Top-Up Pension Plan (the 'Plan') in line with legal requirements. This document sets out the Trustee's approach to governance of the Defined Contribution ('DC') Section of the Plan for the period from 1 January 2025 to 31 December 2025 (the 'Plan Year') and describes how the Trustee has met its legal obligations in the following areas:

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

During the Plan year, the Trustee has been supported by the following firms, which have provided legal, investment, actuarial and audit advice. These are as follows:

- Legal advisers: Eversheds Sutherland
- Investment advisers: Isio
- Actuarial: Mercer
- Audit: Deloitte

In drafting this statement, the Trustee has received advice from Eversheds Sutherland and Isio.

The Plan is an occupational pension scheme providing Defined Contribution ('DC') benefits to both existing and past employees of Morgan Stanley UK. The principal employer to the Plan is Morgan Stanley UK Limited (the 'Company').

This statement is published publicly online at the following website:

https://www.morganstanley.com/disclosures/the-morgan-stanley-uk-group-pension-plan

It will also be referenced in the 2026 Trustee Newsletter.

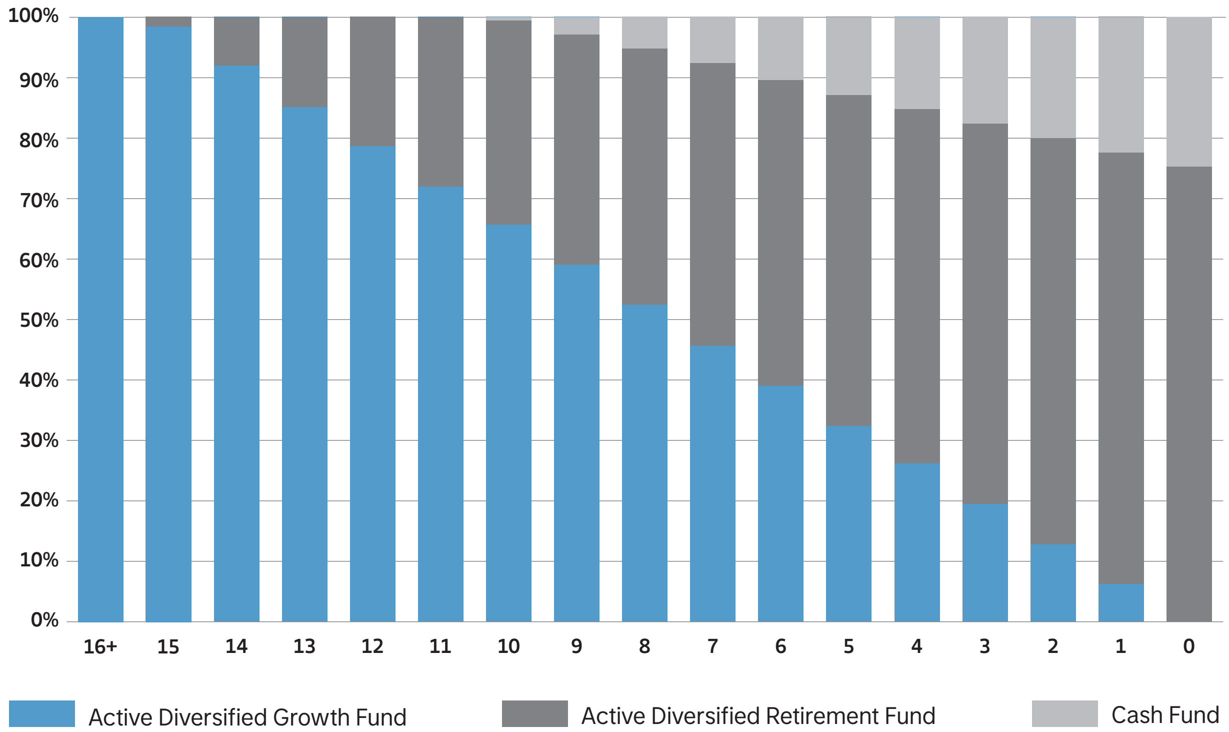
Default Arrangement

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 current default arrangement for the Plan is the Diversified Default Option (the 'DDO'), which operates as a lifestyle strategy. Lifestyle strategies aim to maximise the value of a member's assets at retirement while safeguarding these assets as retirement approaches.

The DDO seeks to fulfil these goals by adjusting the asset mix throughout a member's working life, utilising a combination of three funds: the Active Diversified Growth Fund, the Active Diversified Retirement Fund, and the Cash Fund. We have set out below the structure of this arrangement as at 31 December 2025 (the end of the Plan Year).



- If members are more than 15 years from their Targeted Retirement Date ('TRD'), their contributions will be solely invested within the Active Diversified Growth Fund.
- When they are within 15 years of their TRD, each member's accumulated assets are gradually switched into the Active Diversified Retirement Fund, and from 10 years to TRD, also into the Cash Fund.
- By the time a member has reached their TRD, the final split of their assets is set at 75% in the Active Diversified Retirement Fund and 25% in the Cash Fund.
- If a member continues in the Plan beyond their TRD without retiring, the allocation will be periodically re-balanced to maintain the 75% / 25% split.

The Trustee designs the strategy to be suitable for, and in the best interests of, most members, but acknowledges, given the varied needs of members of the Plan, this strategy may not suit all members. Therefore, a range of additional funds is made available for members to self-select. The Trustee encourages members to think about their own individual investment needs when making decisions. Members are supported by clear communications outlining their options.

Changes to the DDO outside of the Plan Year

After the Plan Year end the Active Diversified Retirement Fund (component fund of the DDO) became an additional default within the Plan. This was to facilitate a non-consent bulk transfer in March 2026, where members were mapped into the fund following the closure of two self-select funds. This will be reflected in the 2026 Chair Statement.

Review of the default arrangement

The Trustee reviews the default strategy at least once every three years. If there is a significant change in the profile of the membership or investment policy of the Trustee, this will be reviewed more frequently. This review seeks to ensure the strategy is consistent with the Trustee's objectives and delivering the best outcomes for Plan members.

The triennial review of the default arrangement, the DDO, was undertaken by the Trustee in September 2024. This review assessed the suitability of the default arrangement for the membership and included considerations of the following.

- Member demographics, how members are taking their benefits at-retirement, projected pot sizes, the evolving profile of the membership and how members are engaging with the investment options
- Appropriateness and objectives of the default arrangement, including the growth and at-retirement phases
- Retirement outcome of the strategy
- Length of the de-risking phase (structure of the glidepath)
- Key component funds and asset classes used
- The level of ESG integration across the strategy and how this aligns with the Trustee's aims

The conclusion of the triennial review was that the strategy remained fit for purpose. However, the Trustee agreed to make the following changes to further improve the strategy and long-term outcomes for members. A summary of the key themes that the Trustee agreed is as follows:

- To increase expected level of return (and risk) in the growth and at-retirement phases, including the new addition of illiquid assets to enhance risk adjusted returns
- To reduce the length of the de-risking phase of the DDO from 15 to 10 years before a member's TRD and provide members with the option to select a target retirement age aligned with their own retirement plans
- To reduce the cash allocation at-retirement, in favour of high-quality liquid credit allocations

During the Plan Year, the Trustee, together with its advisors, planned in detail how these changes would be implemented. Implementation of these updates took place over March / April 2026, following the end of the Plan Year covered by this statement. The planning for these changes focussed on ensuring minimum disruption to members, whilst safely and effectively transitioning assets. We are pleased to confirm that this has now successfully been completed, and the new strategy is live at the time of publishing this statement. As this new strategy was put in place following the end of the Plan Year covered within this statement, this will be reflected in next year's report.

Review of self-select options

Alongside the review of the default arrangements, the Trustee reviewed the suitability of the self-select options in 2024 and made changes to enhance the range of options made available.

A number of new funds have been added to support flexibility and choice to the range. Two funds have also been closed and removed from the Plan. This all took place outside of the period covered within this statement.

Ongoing review

The Trustee reviews performance of the Plan's investment arrangements on a regular basis, with detailed quarterly and interim monthly performance reporting. Performance over the Plan year has provided strong returns for members within the default strategy, growing the value of pension savings over the Plan year.

Statement of Investment Principles

The Trustee's Statement of Investment Principles (SIP) dated May 2025 is attached to this statement as Appendix 2. This includes the Trustee's policies, aims and objectives in relation to the DDO, how these aims are achieved and matters such as management of investment risks and diversification.

During the Plan year, the following changes were made to the SIP:

- Increased clarification to the Trustee's Responsible Investment and ESG policy, which included clearer wording on how ESG, Stewardship and climate-related considerations are taken into account when appointing and monitoring investment managers and ensuring there is a clear delegation framework to support an Effective System of Governance (ESoG).

Internal controls and Core Financial Transactions

Financial transactions

As part of its ongoing monitoring, the Trustee reviews the existing administration services provided to the Plan by Capita Pension Solutions Limited (‘Capita’). As required by Regulation 24 of the Administration Regulations, the Trustee must ensure that core financial transactions are processed promptly and accurately. Core financial transactions include:

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

The Trustee has agreed minimum timescales with Capita 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 Plan year are outlined below:

REPORTING PERIOD	CASES RECEIVED	CASES COMPLETED IN SLA	SLA ACHIEVED
Q1 2025	6,509	6,508	99.98%
Q2 2025	5,066	5,061	99.90%
Q3 2025	10,748	10,740	99.93%
Q4 2025	8,571	8,563	99.91%

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

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

- Maintains a Risk Register, which includes risks in relation to processing core financial transactions. The Plan’s Risk Register outlines all of the risks to Plan members and these are monitored and reviewed on a quarterly basis. A thorough review of the Risk Register also took place during 2025 with support from the Plan’s advisers.
- Reviews Capita’s administration reports on a quarterly basis to determine whether any service issues have arisen.
- Ensures that detailed disaster recovery plans are in place with the administrator and other relevant third parties.
- Ensures the Schedule of Contributions sets out timescales for the Company to remit monthly contributions to the Plan. However, agreed practice provides for payment of contributions in advance of these timescales. The deduction and payment of contributions is reviewed by the Company.
- Has appointed Scottish Widows to provide investment platform services to the Plan. The Trustee last undertook a full formal review of the Scottish Widows Investment Platform on appointment in 2011 and conducts informal annual reviews. During the Plan Year, in January 2025, the Investment Committee conducted a desktop review of Scottish Widows and the wider investment platform market.
- Appoints an independent auditor (Deloitte LLP) to carry out an annual audit of the Plan, including the core financial transactions that have taken place during the Plan year.
- Has a Risk and Governance Committee. This committee reports into the Trustee Board and assesses and ensures the operational effectiveness of the policies and procedures of the Trustee and of the service providers. In particular, the Committee assists the Trustee with identifying, evaluating, reviewing and managing the Plan’s key risks.

Notable incidents

There was were two notable incidents during the Plan year comprising one CASS breach and one GDPR breach. A CASS breach occurs when there is an error in how parties handle or protect members’ money or investments. A GDPR breach occurs from any security incident that leads to accidental or unlawful destruction, loss, alteration, unauthorised disclosure of or access to personal data. This was due to a transfer value paid out to the incorrect provider due to incorrect bank details being used for the transfer payment as the administrator was working on two transfer cases where both members had the same surname. Internal controls have now been put in place to ensure this does not happen again. Both breaches were reported on and corrected within the Plan Year.

The Trustee reviews records for the Plan to ensure accuracy of data. In the prior Plan year, in conjunction with Capita, the Trustee undertook a data review to ensure member addresses and contact details were up to date and identify any gaps. The Trustee continues to engage with Capita on the completeness and accuracy of the data maintained, and monitors progress and improvements in this.

The Trustee, in conjunction with its legal advisers, Plan administrators, and the Company, regularly reviews the Plan's compliance with relevant data protection legislation and guidance and captures any risks and any further reviews required in the Trustee's 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 Trustee is required to report on the charges and transaction costs for the investments used in the default and self-select arrangements and their assessment of the extent to which the charges and costs represent good value for members.

The Trustee is required to set out the on-going 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 are set out below. Where applicable the AMC includes a Mercer Intermediary Charge (for the use of Mercer Workplace Savings ('MWS') service), 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 Plan, which include administration, legal, advisory or communication costs are borne by the Company and not passed on to members. This is not the case for the AVC funds as Additional Voluntary Contribution ('AVC') members will incur administration expenses.

The Trustee is required to disclose the level of any transaction costs. These are incurred when the Fund's investment managers buy and sell assets within funds but are exclusive of any costs incurred when members invest in and switch between funds. Average annual 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 2025. 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.

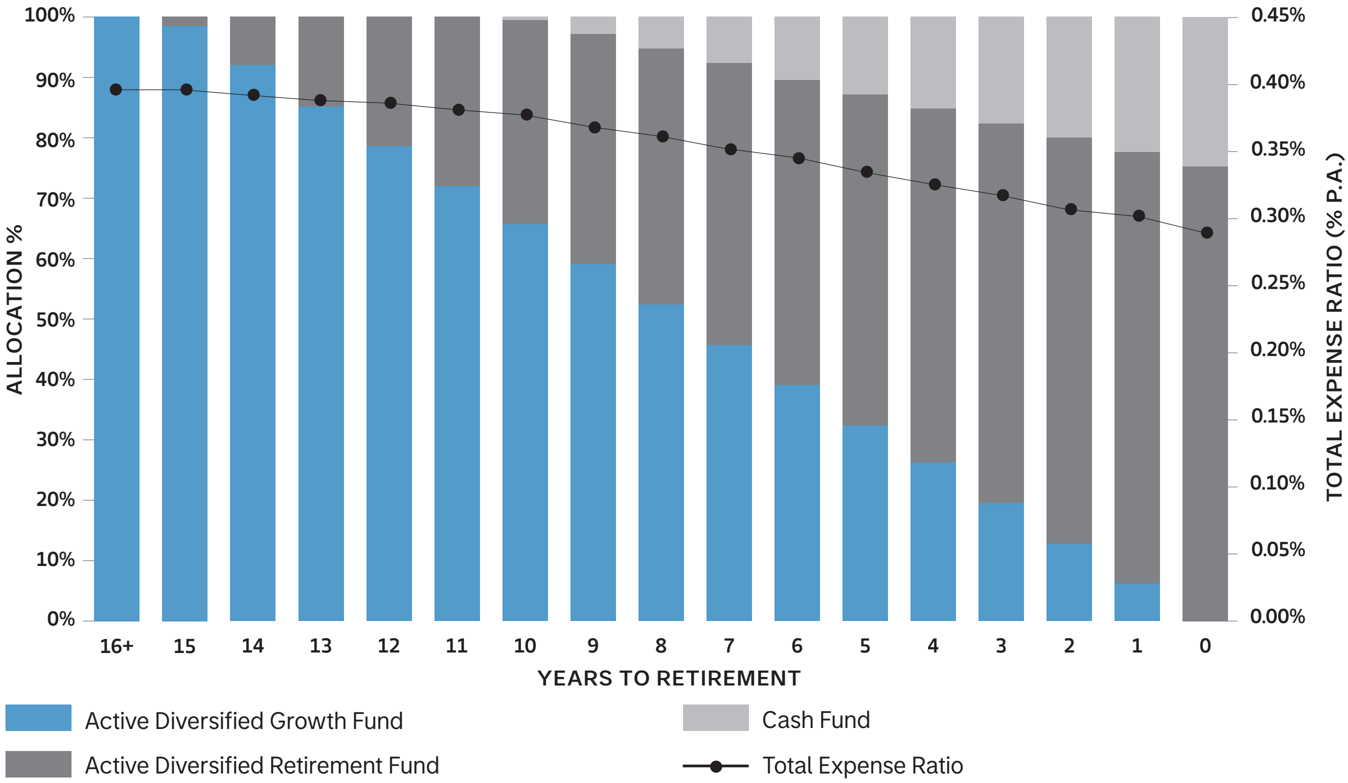
The charges and transaction costs have been supplied by Scottish Widows, the Plan's investment platform provider, as at 31 December 2025. When preparing this section of the Statement the Trustee has taken account of the relevant statutory guidance.

Default arrangement

The charges incurred by members within the default arrangement will be determined by their proximity to retirement and the underlying funds held. The below table includes the charges for the individual building block funds used within the lifestyle arrangement.

FUND	ANNUAL MANAGEMENT CHARGE (% P.A.)	ADDITIONAL FUND EXPENSES (% P.A.)	TOTAL EXPENSE RATIO (% P.A.)	TRANSACTION COSTS 2025 (% P.A.)	AVERAGE TRANSACTION COSTS (% P.A.)
Active Diversified Growth	0.363	0.030	0.393	0.289	0.173
Active Diversified Retirement	0.308	0.037	0.345	0.219	0.134
Cash	0.142	0.000	0.142	0.015	0.014

The following chart illustrates how the TER translates for members in each year to retirement, based on the charges above. The charges incurred for members within the default option comply with the Regulations on charge controls, introduced from April 2015. The TER is below the charge cap of 0.75% for all members within this strategy. There are no performance fees applicable for the default arrangement.



Self-select range

The below table includes the charges and cost information for the self-select funds available in the Plan.

FUND	ANNUAL MANAGEMENT CHARGE (% P.A.)	ADDITIONAL FUND EXPENSES (% P.A.)	TOTAL EXPENSE RATIO (% P.A.)	TRANSACTION COSTS 2025 (% P.A.)	AVERAGE TRANSACTION COSTS (% P.A.)
MS (BG) Active Global Equity	0.617	0.030	0.647	0.051	0.073
MS (MSIM) Active Global Equity	0.692	0.150	0.842	0.128	0.069
MS Active Absolute Return	0.842	0.010	0.852	1.097	0.658
MS Active Diversified Growth	0.363	0.030	0.393	0.289	0.173
MS Active Diversified Retirement	0.308	0.037	0.345	0.219	0.134
MS Active Emerging Markets Debt	0.577	0.170	0.747	0.470	0.236
MS Active Emerging Markets Equity	0.817	0.100	0.917	0.294	0.183
MS Active Global Corporate Bond	0.127	0.140	0.267	0.145	0.048
MS Active Multi-Asset Credit	0.517	0.120	0.637	0.011	0.031
MS Active Sustainable Equity Fund	0.717	0.150	0.867	0.319	0.245
MS Active UK Corporate Bond	0.367	0.020	0.387	0.015	0.008
MS Active UK Property	0.667	0.050	0.717	-0.047	0.085

FUND	ANNUAL MANAGEMENT CHARGE (% P.A.)	ADDITIONAL FUND EXPENSES (% P.A.)	TOTAL EXPENSE RATIO (% P.A.)	TRANSACTION COSTS 2025 (% P.A.)	AVERAGE TRANSACTION COSTS (% P.A.)
MS Cash	0.142	0.000	0.142	0.015	0.014
MS Passive Emerging Markets Equity	0.172	0.090	0.262	0.000	0.004
MS Passive Europe (ex UK) Equity	0.072	0.015	0.087	0.030	0.016
MS Passive Gilt	0.072	0.000	0.072	0.020	0.033
MS Passive Global Equity	0.127	0.019	0.146	0.073	0.049
MS Passive Global Government Bond	0.082	0.030	0.112	0.061	0.054
MS Passive Global Small Cap Equity	0.402	0.000	0.402	0.042	0.058
MS Passive Index-Linked Gilt	0.072	0.004	0.076	0.000	0.037
MS Passive Islamic Global Equity	0.147	0.045	0.192	0.010	0.004
MS Passive Japan Equity	0.072	0.010	0.082	0.078	0.022
MS Passive Pacific Rim (ex Japan) Equity	0.072	0.015	0.087	-0.009	0.001
MS Passive UK Equity	0.072	0.003	0.075	0.183	0.088
MS Passive US Equity	0.072	0.008	0.080	-0.010	0.020
MS Pre-Annuity	0.117	0.000	0.117	0.000	0.000

Illustrations about the cumulative effect of costs and charges on member savings within the Fund are set out in Appendix 1.

Legacy AVCs

As at 31 December 2025, there are members of the Plan with AVC investments in unit-linked funds and with-profits funds with Standard Life. Details of the charges and cost information for these funds are included below:

FUND	TER (% P.A.)	2025 TRANSACTION COSTS (% P.A.)	TOTAL COSTS (% P.A.)
Standard Life European Equity Pension Fund	1.020	0.162	1.182
Standard Life Far East Equity Pension Fund	1.080	0.448	1.528
Standard Life FTSE Tracker Pension Fund	1.000	0.003	1.003
Standard Life International Equity Pension Fund	1.030	0.111	1.141
Standard Life Managed Pension Fund	1.020	0.082	1.102
Standard Life Mixed Bond Pension Fund	1.020	0.048	1.068
Standard Life Multi Asset Managed (20-60% Shares) Pension Fund	1.020	0.064	1.084
Standard Life North American Equity Pension Fund	1.010	0.002	1.012
Standard Life Property Pension Fund	1.030	0.192	1.222

FUND	TER (% P.A.)	2025 TRANSACTION COSTS (% P.A.)	TOTAL COSTS (% P.A.)
Standard Life Stock Exchange Pension Fund	1.030	0.124	1.154
Standard Life UK Equity Pension Fund	1.010	0.000	1.010
Standard Life UK Smaller Companies Pension Fund	0.560	0.158	0.718
Standard Life At Retirement (Multi Asset Universal) Pension Fund	1.050	0.127	1.177
Standard Life Money Market Pension Fund	1.010	0.006	1.016
Standard Life Cash Pension Fund	1.010	0.004	1.014
Standard Life Pension Inflation Plus Fund	*	*	*
Standard Life Pension Millennium With Profits Fund	*	*	*
Standard Life Pension With Profits Fund	*	*	*

Note: TERs shown above are before the application of the Plan rebate. All AVC funds receive a rebate of 0.35%. For member AVC illustrations, the rebated TERs are used.
* With respect to the with-profits and inflation plus policies, payouts on surrender and maturity will reflect all charges incurred, though they are not separately identified. Moreover, for with-profits policies the actual performance received by members, net of charges, is only known upon maturity/surrender, after any augmentation for guaranteed terms and after the effect of any 'smoothing'. Transaction cost information for these three funds cannot be separately obtained and there are no steps that the Trustee can take given the nature of the funds.

Value assessment

The Trustee has assessed the extent to which the Plan represents good value for members for the costs and charges deducted from their accounts. The Trustee is committed to ensuring that members receive value for money from the Plan. Whilst 'value' is a difficult concept to precisely quantify, the Trustee considers 'Good Value' to represent a fair Plan where the costs charged to members are proportionate and reasonable for the quality of the service received, the expected asset return and access to specialist funds for that fee. It should be appropriate at the Plan level as well as when being compared to the broader market.

The Trustee, with the support of its advisers, Isio, undertook a value for members' assessment in 2026 covering the Plan year. This review was completed in line with all statutory requirements and regulations.

In conducting this review, the Trustee considers a number of areas, including those detailed below. Value is assessed on broad number of factors, not on fees alone. The list below is not exhaustive.

The assessment considered the following areas:

- Scheme Charges
- Investment
- Retirement Support
- Governance
- Administration
- Contribution
- Education and Engagement

The Trustee has concluded that during the Plan Year, the Plan's investment arrangements do represent good value to members and performs above market standards across most criteria, particularly in the areas that have a significant impact on member outcomes. This is based on the following rationale:

- Contributions, Scheme Charges and Investments: The Plan excels in three of the highest-weighted criteria, offering competitive charges and sophisticated investment options which are not typically available in the average scheme. Contribution structures are generous with strong engagement from members.
- Governance: Strong governance practices reflect the Trustee's commitment to effective oversight with robust risk policies and monitoring frameworks in place.
- Retirement Support: While this area is in line with the market average there is scope to further enhance guidance and tools for members approaching retirement.
- Administration, and Education and Engagement: The Plan scored highly across both categories. Highlights included the help and support on pension related matters available to members of the Plan via the Plan administrator helpline, members having access to a wide range of benefits options, and members being provided with bespoke information via the Scottish Widows microsite. However, there is scope to improve Education and Engagement by conducting regular member surveys (instead of ad-hoc) to better understand member needs and review the communications strategy more frequently.

Net investment returns

Net investment returns

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

MS Active Diversified Retirement was launched on 1 November 2018 and therefore 10 year returns cannot be shown for a member age 55 at the start of the period, and has been denoted as 'n/a'.

Default, lifestyle arrangement – the DDO.

AGE OF MEMBER AT BEGINNING OF PERIOD (YEARS)	1 YEAR (%) 1 JANUARY 2025 – 31 DECEMBER 2025	5 YEARS (% P.A.) 1 JANUARY 2021 – 31 DECEMBER 2025	10 YEARS (% P.A.) 1 JANUARY 2016 – 31 DECEMBER 2025
25	12.8	7.2	6.5
45	12.8	7.2	6.2
55	11.7	5.2	n/a

Below are the annualised net investment returns to 31 December 2025 for all funds where no lifestyling takes place:

FUND	1 YEAR (%) 1 JANUARY 2025 – 31 DECEMBER 2025	5 YEARS (% P.A.) 1 JANUARY 2021 – 31 DECEMBER 2025	10 YEARS (% P.A.) 1 JANUARY 2016 – 31 DECEMBER 2025
MS Active Absolute Return	8.0	1.8	1.0
MS Active Diversified Growth	12.8	7.2	6.5
MS Passive UK Equity	20.6	10.1	7.5
MS Passive Global Equity	16.6	10.4	10.1
MS (BG) Active Global Equity	8.8	2.5	17.0
MS Passive US Equity	10.1	14.4	15.7
MS Passive Europe (ex UK) Equity	26.3	9.7	10.1
MS Passive Japan Equity	18.7	6.9	8.9
MS Passive Pacific Rim (ex Japan) Equity	31.4	5.9	9.5
MS Active Emerging Markets Equity	12.3	-3.6	4.0
MS Passive Gilt	5.1	-5.3	0.6
MS Passive Index-Linked Gilt	0.5	-10.1	-1.1
MS Active UK Corporate Bond	5.7	-0.9	3.0
MS Cash	4.3	3.0	1.7
MS (MSIM) Active Global Equity	-6.2	5.5	10.3
MS Active Emerging Markets Debt	12.2	2.6	5.6
MS Active Diversified Retirement	9.8	3.0	n/a
MS Active UK Property	5.4	3.9	n/a
MS Active Multi-Asset Credit	7.5	1.7	n/a
MS Passive Emerging Markets Equity	23.8	4.4	n/a
MS Passive Global Small Cap Equity	12.7	7.4	n/a

FUND	1 YEAR (%) 1 JANUARY 2025– 31 DECEMBER 2025	5 YEARS (% P.A.) 1 JANUARY 2021– 31 DECEMBER 2025	10 YEARS (% P.A.) 1 JANUARY 2016– 31 DECEMBER 2025
MS Active Global Corporate Bond	9.9	-0.6	n/a
MS Active Sustainable Equity Fund	2.0	3.2	n/a
MS Pre-Annuity	5.5	n/a	n/a
MS Passive Islamic Global Equity	13.0	n/a	n/a
MS Passive Global Government Bond	3.6	n/a	n/a

Below are the annualised net investment returns to 31 December 2025 for the legacy AVC Funds, where no lifestyling takes place:

FUND	1 YEAR (%) 1 JANUARY 2025– 31 DECEMBER 2025	5 YEARS (% P.A.) 1 JANUARY 2021– 31 DECEMBER 2025	10 YEARS (% P.A.) 1 JANUARY 2016– 31 DECEMBER 2025
Standard Life European Equity Pension Fund	24.3	8.1	8.9
Standard Life Far East Equity Pension Fund	16.7	3.3	8.1
Standard Life FTSE Tracker Pension Fund	22.7	10.6	7.3
Standard Life International Equity Pension Fund	16.7	9.7	10.3
Standard Life Managed Pension Fund	14.7	5.9	6.4
Standard Life Mixed Bond Pension Fund	5.3	-3.8	0.6
Standard Life Multi Asset Managed (20-60% Shares) Pension	12.6	3.3	4.4
Standard Life North American Equity Pension Fund	10.4	12.9	13.9
Standard Life Property Pension Fund	3.6	2.5	1.7
Standard Life Stock Exchange Pension Fund	17.9	9.0	8.6
Standard Life UK Equity Pension Fund	24.6	10.0	6.2
Standard Life Smaller Companies Pension Fund	-1.5	n/a	n/a
Standard Life At Retirement (Multi Asset Universal) Pension Fund	11.5	3.6	4.0
Standard Life Money Market Pension Fund	3.5	2.2	0.9
Standard Life Cash Pension Fund	3.5	2.4	1.3
Standard Life Pension Inflation Plus Fund	*	*	*
Standard Life Pension Millennium With Profits Fund	*	*	*
Standard Life Pension With Profits Fund	*	*	*

* Performance information is not available for With Profits funds. Members receive annual bonuses, which do not reflect the underlying fund's investment performance due to smoothing (keeping some of the return back in good years to support bonus rates in years where the investment return has been lower). The timing of the annual bonus varies. The amount a member will receive will depend on when they take their benefit and any terminal bonus payable at the time. The level of terminal bonus is dependent on a number of factors and typically is only guaranteed at the normal retirement age under the policy, or death. The Trustee will consider how best to improve reporting for net performance for With Profits Funds in the future in light of any updated statutory guidance.

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
- Funds that were launched after 1 January 2024, 2020 or 2015, do not have 1, 5 or 10 year performance, respectively, and have been denoted as 'n/a'.

Asset Allocation Disclosure

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 default 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 Trustee has 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	0.8	0.8	1.5	25.8
Bonds	9.3	9.3	21.0	33.0
Fixed Interest Government bonds	0.3	0.3	3.4	7.1
Index-linked government bonds	0.0	0.0	3.0	6.6
Investment grade bonds	1.8	1.8	7.5	13.9
Non-investment grade bonds	4.1	4.1	4.2	3.2
Securitised credit	3.0	3.0	3.0	2.3
Listed equities	60.0	60.0	51.2	26.3
UK equities	1.9	1.9	1.6	0.8
Developed Market equities	51.0	51.0	43.5	22.3
Emerging markets	7.2	7.2	6.1	3.1
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	7.3	7.3	6.0	2.7
Private debt	0.0	0.0	0.0	0.0
Other*	22.6	22.6	20.3	12.3
Total	**100.0**	**100.0**	**100.0**	**100.0**

Note:

- Totals may not sum to 100% due to rounding
- Allocations are based on strategic asset allocation of underlying funds in the default strategy as at 31 December 2025.
- * 'Other' includes commodities, derivatives, futures, and other non-standard asset classes. The default option 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 professional advice, enables them to properly exercise their duties. Trustee Board training is of high importance to the good management of the Plan. The Trustee Board are required to have the necessary knowledge and understanding of:

- the Trust Deed and Rules of the Plan;
- the Statement of Investment Principles ('SIP');
- all documents setting out the Trustee's current policies;
- the law relating to pensions and trusts;
- the principles relating to the funding and investment of occupational pension schemes; and
- the identification, assessment and management of risks and opportunities relating to the Plan from the effects of climate change, including risks and opportunities arising from steps taken because of climate change.

The Trustee has demonstrated that the Trustee Directors, both individually and collectively, have the necessary knowledge and understanding of the above matters to enable them to properly exercise their functions as Trustee Board. Over the Plan year, the Trustee Board has undertaken the following actions to maintain and improve their knowledge and understanding:

- The Trustee Directors have access to the Trust Deed and Rules, SIP, current policies and all other relevant plan documents through an online directory.
- The Trustee Board was supported by professional advisers, who attended Trustee Board and Committee meetings and provided advice and support. The Trustee received advice from its professional advisers, in particular its legal adviser, prior to key decisions being taken, to ensure decisions were made in line with the Plan Rules and applicable legislation.
- The Trustee Directors are required to complete The Pensions Regulator's 'Trustee toolkit' training, which ensures the Trustee Board has an understanding of legal and regulatory matters relating to pensions and trusts. New Trustee Directors must complete this upon joining the Board.
- The Risk Register is reviewed and updated quarterly. This demonstrates that the Trustee Board has the required knowledge of the Pensions Regulator's DC Code and holds relevant knowledge on DC specific internal controls and the regulatory requirements; and
- The Trustee refers to the Trust Deed and Rules, where relevant, on deciding individual member cases.

In order to maintain this level of knowledge, the Trustee maintains a training log recording all training activities, and this is reviewed throughout the Plan year to determine any specific needs or gaps in knowledge. The Trustee also continues to receive ongoing training from advisers on industry trends, changes in legislation and relevant developments for the running of the Plan.

During the Plan year, the Trustee Board has demonstrated its continuous commitment to learning by undertaking training at investment committee or Trustee meetings:

- A number of the Trustee Directors attended formal training at various Trustee meetings, covering discretionary death benefit powers, cyber-risk, diversity, equality and inclusion and risk assessments.
- Trustee Director F. O'Sullivan attended a BlackRock training session, outside of formal Trustee meetings, exploring how to navigate through periods of heightened volatility and implications that can arise to investments and portfolios.
- Trustee Director K. Inamdar attended Aon's Wealth Insights Series, outside of formal Trustee meetings, exploring how technology, workforce demographics, geopolitics and reform are shaping portfolio risks and opportunities and transforming the investment industry and discussing how investment leadership is necessary to approach the future with clarity and confidence.
- A number of the Trustee Directors attended an additional training session with the new investment advisors, Isio, covering the 'End-Game Strategy' regarding the DB section of the plan.
- Trustee Director A. Lee attended BlackRock's UK Pension Reform, outside of formal Trustee meetings, exploring the future of DB & DC pensions reform focusing on economic growth by unlocking capital for private assets, driving value for money over cost and expanding workplace savings.

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

The list outlined above is not a an exhaustive list of all training undertaken throughout the year. It is to provide an overview of the scope and range of training completed across the Trustee Board.

UTILISING ADVISORS

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

The Trustee continues to monitor the competence of all advisors on a regular basis. Advisors are also invited to present to the Risk and Governance Committee during the Plan Year. The committee challenges the providers on risk and governance polices to ensure they remain suitable, and advisers are reviewed annually and feedback provided.

Additionally, the following measures have applied during the period:

- The Trustee's professional advisors attend formal Board and Committee meetings;
- The Trustee Board contains Trustee Directors with wide ranging skills and experience, including pension experience; and
- The Trustee receives briefings from their advisors on all legislative and regulatory developments regularly and at least on a quarterly basis.

ASSESSING EFFECTIVENESS

The Trustee understands that knowledge and professional advice need to be used effectively in order for the Trustee 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. The Trustee continues to receive updates from its legal advisers and reviews policies in place.

The Trustee will be required to prepare its first Own Risk Assessment by 30 December 2026 which will comment on the extent to which the ESOG has enabled the Trustee to manage risk effectively during the current Plan Year.

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 Trustee to the best of my knowledge.

Signed: Alanna Lee

Position: **Chair of the Trustee**

Appendix 1 – 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 period of time. The illustrations have been prepared having regard to statutory guidance and have all been prepared in line with AS TM1 guidance.

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

From October 2023, the Trustees are required to calculate the highest and lowest expected returning funds based on Statutory Money Purchase Illustrations ('SMPI') growth rates, which is determined by the volatility of the fund over the last five years.

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, nor for members taking independent advice where they consider this necessary.

KEY POINTS TO NOTE

The tables below illustrate the potential impact that costs and charges might have on different investment options provided by the Plan. Not all investment options are shown - the Trustee has chosen illustrations which it believes 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 which drive the funds' performance also has a 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 default lifestyle strategy – the most used strategy
2. The fund with the highest charges (MS Active Absolute Return)
3. The fund with the lowest charges (MS Passive Pacific Rim (ex Japan) Equity)
4. The fund with the lowest expected return (MS Cash)
5. The fund with the highest expected return (MS Passive Pacific Rim (ex Japan) Equity)

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

Member A – Youngest Active Member

The table sets out how the pension pot of a member currently aged 19 (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. We assume member A has a starting pot size of £5,600, starting salary of £67,700 and contributes 3.7% of their salary to their pension. Please see the Notes below for more details and the assumptions used.

		DEFAULT LIFESTYLE		MS ACTIVE ABSOLUTE RETURN HIGHEST CHARGING FUND		MS PASSIVE PACIFIC RIM (EX JAPAN) EQUITY LOWEST CHARGING FUND		MS PASSIVE PACIFIC RIM (EX JAPAN) EQUITY HIGHEST EXPECTED RETURN		MS CASH LOWEST EXPECTED RETURN	
Years from 31/12/25	Age	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	20	8,344	8,306	8,208	8,104	8,413	8,407	8,413	8,407	8,071	8,060
3	22	11,185	11,091	13,541	13,112	14,423	14,397	14,423	14,397	12,975	12,931
5	24	26,949	26,291	19,035	18,118	20,987	20,927	20,987	20,927	17,830	17,739
10	29	37,795	36,524	33,509	30,630	40,162	39,948	40,162	39,948	29,758	29,485
15	34	58,554	55,681	49,101	43,136	64,058	63,552	64,058	63,552	41,390	40,851
20	39	83,210	77,818	65,898	55,635	93,837	92,844	93,837	92,844	52,734	51,849
25	44	112,492	103,399	83,993	68,128	130,946	129,193	130,946	129,193	63,798	62,491
30	49	147,271	132,961	103,486	80,614	177,191	174,301	177,191	174,301	74,588	72,788
35	54	185,965	164,899	124,487	93,094	234,821	230,279	234,821	230,279	85,110	82,752
40	59	223,039	194,556	147,110	105,568	306,638	299,744	306,638	299,744	95,373	92,393
45	64	253,715	218,331	171,481	118,035	396,135	385,948	396,135	385,948	105,381	101,721
46	65	258,770	222,157	176,577	120,527	416,522	405,536	416,522	405,536	107,353	103,551

Member B – Average Active Member

The table sets out how the pension pot of a member currently aged 44 (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. We assume member B has a starting pot size of £36,200, starting salary of £117,900 and contributes 12.5% of their salary to their pension. Please see the Notes below for more details and the assumptions used.

		DEFAULT LIFESTYLE		MS ACTIVE ABSOLUTE RETURN HIGHEST CHARGING FUND		MS PASSIVE PACIFIC RIM (EX JAPAN) EQUITY LOWEST CHARGING FUND		MS PASSIVE PACIFIC RIM (EX JAPAN) EQUITY HIGHEST EXPECTED RETURN		MS CASH LOWEST EXPECTED RETURN	
Years from 31/12/25	Age	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	45	52,460	52,214	51,591	50,933	52,894	52,856	52,894	52,856	50,720	50,652
3	47	86,708	85,666	83,068	80,395	88,571	88,406	88,571	88,406	79,541	79,271
5	49	123,395	121,110	115,497	109,850	127,530	127,162	127,530	127,162	108,076	107,516
10	54	224,089	216,576	200,922	183,462	241,345	240,043	241,345	240,043	178,172	176,522
15	59	330,814	315,396	292,948	257,037	383,178	380,123	383,178	380,123	246,534	243,294
20	64	433,382	408,629	392,088	330,573	559,928	553,956	559,928	553,956	313,204	307,904
21	65	452,527	425,869	412,817	345,276	600,191	593,457	600,191	593,457	326,338	320,572

Member C – Average Deferred Member

The table sets out how the pension pot of a member currently aged 49 (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. We assume member C has a starting pot size of £35,000, starting salary of £0 and no contributions given deferred status. Please see the Notes below for more details and the assumptions used.

		DEFAULT LIFESTYLE		MS ACTIVE ABSOLUTE RETURN HIGHEST CHARGING FUND		MS PASSIVE PACIFIC RIM (EX JAPAN) EQUITY LOWEST CHARGING FUND		MS PASSIVE PACIFIC RIM (EX JAPAN) EQUITY HIGHEST EXPECTED RETURN		MS CASH LOWEST EXPECTED RETURN	
Years from 31/12/25	Age	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	36,214	36,016	35,525	34,996	36,575	36,544	36,575	36,544	34,825	34,770
3	52	38,622	37,999	36,599	34,989	39,941	39,840	39,941	39,840	34,478	34,316
5	54	40,980	39,894	37,705	34,982	43,616	43,434	43,616	43,434	34,134	33,867
10	59	46,227	43,899	40,619	34,964	54,354	53,899	54,354	53,899	33,289	32,770
15	64	49,897	46,369	43,758	34,946	67,735	66,887	67,735	66,887	32,465	31,709
16	65	50,396	46,648	44,414	34,943	70,783	69,838	70,783	69,838	32,303	31,501

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: £5,600 for member A, £36,200 for member B, £35,000 for member C
4. Inflation is assumed to be 2.5% each year.
5. Gross contributions:
    a. for Member A, aged 19 are assumed to be £2,505 each year, this is based on a salary of £67,700 and total contributions of 3.7%.
    b. for Member B, aged 44 are assumed to be £14,738 each year, this is based on a salary of £117,900 and total contributions of 12.5%.
    c. for Member C, are assumed to be £0 given the deferred status of this member.
6. Salary is assumed to increase each year in line with inflation at 2.5% per year.
7. Contributions are assumed from the start of the projection to retirement and are assumed to increase in line with salary increase (the % contribution will remain the same).
8. Values shown are estimates and are not guaranteed.
9. The projected growth rates (gross of fees) for each fund are shown below. These are consistent with the rates used in the SMPI Assumptions when preparing annual benefit statements and therefore aligned with AS TM1. Default strategy growth rates at various periods to retirement are shown below. The projected growth rate which would apply at points in time between these are the weighted average of the underlying funds held by the member:

FUND	GROSS SMPI ASSUMPTIONS (% P.A.)
Default - 15 years from retirement	5.97
Default - 10 years from retirement	5.30
Default - 5 years from retirement	4.40
Default - 0 years from retirement	3.50
Highest charging	4.00
Lowest charging	7.00
Highest expected return	7.00
Lowest expected return	2.00

10. The charges assumed for each fund are the current charges as shown in the 'Charges and transaction costs' section of this statement.

11. For pooled funds, average annual transaction costs are calculated by averaging annual transaction costs of funds over a 5-year period, or maximum number of years available if less than this, ending on 31 December 2025. 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.

Member projection – AVCs

		STANDARD LIFE FAR EAST EQUITY PENSION FUND Highest charging fund		STANDARD LIFE UK SMALLER COMPANIES PENSION FUND Lowest charging fund		STANDARD LIFE UK SMALLER COMPANIES PENSION FUND Highest expected Return		STANDARD LIFE CASH PENSION FUND Lowest expected Return
Years from 31/12/25	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	71,312	70,688	72,001	71,763	72,001	71,763	68,556	68,075
2	73,807	72,522	75,241	74,746	75,241	74,746	68,213	67,260
3	76,391	74,404	78,626	77,852	78,626	77,852	67,872	66,454

Notes on member illustrations

1. The illustrations show how the pots grow for a 62-year-old-member. The projections are to age 65.
2. The starting pot size for the member is assumed to be £68,900
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. Inflation is assumed to be 2.5% each year.
5. The member is assumed to be making no further contributions to the Plan
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates (gross of fees) for each fund are shown below. These are consistent with the rates used in the SMPI Assumptions when preparing annual benefit statements and are aligned with AS TM1.

FUND	GROSS SMPI ASSUMPTIONS (% P.A.)
Highest charging	6.00
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 'Charges and transaction costs' section of this statement.
9. For pooled funds, average annual 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 2025. 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.