Smart Pension

Chair's statement for the year ended 30 June 2023

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Introduction

This Chair's statement concerns the Smart Pension Master Trust (the Scheme). I am required to make this statement to explain the steps taken by the Trustee, with help from our professional advisers, to meet governance standards which have been in place since April 2015 and which were reinforced with the requirement for master trust pension schemes to seek and maintain authorised status from The Pensions Regulator in 2019.

This statement relates to the accounting period from 1 July 2022 to 30 June 2023 (the Scheme Year) and includes more recent information where available.

The Trustee of the Scheme is EC2 Master Limited (the Trustee); this is a corporate Trustee which had a board of five directors at the start of the Scheme Year and four at the end of the Scheme Year. Two of these directors were professional trustee companies and three are individual trustees (one of whom is also a professional independent trustee). During the Scheme Year, one of our Trustee Directors, Anna Eagles representing The Law Debenture Pension Trust Corporation p.l.c., stepped down at the end of their appointed term as at 24 January 2023. We are looking to appoint a new Trustee Director in early 2024.

The Chair of the Trustee is Capital Cranfield Pension Trustees Limited (CCPTL). I, Andrew Cheseldine, was appointed to represent CCPTL with effect from September 2017. The Scheme is a master trust, sponsored by Smart Pension Limited (Smart).

The Trustee is legally required to act in your interests and is committed to ensuring that the Scheme meets high standards. As in the previous reporting period, there have been some significant and exciting developments for the Scheme. We have also had to deal with the continuing effects of the cost-of-living crisis and investment market volatility. I welcome this opportunity to explain what we have been doing.

As the Trustee of a very large pension Scheme, we have a lot of areas of responsibility and to make it easier for us to carry out our duty, we operated three sub-committees. These cover the key areas of:

- **Operations & Communications** – the administration of the Scheme, including the collection, recording and investing of contributions, accounting and the payment of benefits. In addition, ensuring that our communications are clear, compliant and engaging.
- **Investment** – providing you with secure, appropriate and effective investments for your savings.
- **Risk & Governance** – makes sure that the Scheme is properly run, compliant with legislation and that no unnecessary risks are taken with your savings or the information we hold.

We believe that this structure of sub-committees and ad-hoc working groups enables us to distribute our workload effectively and to maintain the efficient running of the Scheme as it grows.

We hold regular meetings where we receive and review information, discuss and consider papers and reports, and make decisions affecting the running of the Scheme. The full Trustee board meet for their main board meetings four times a year, with each sub-committee also meeting four times a year. There are both pre-agreed and ad-hoc/extraordinary meetings over the period as required.

Most meetings during the course of the Scheme Year were held hybrid or virtually. For the main quarterly board meetings we make an effort to attend in person.

We have met as a full Trustee board 12 times in the Scheme Year; this included supervisory meetings with The Pensions Regulator and meetings with Smart to discuss UK strategy. The remainder were formal Board meetings to discuss 'business as usual' or new initiatives being considered and launched within the Scheme. This does not include four trustee training sessions over the year nor the two administration focused site visits (to London and Bournemouth). The sub-committees also met a total of 12 times with each sub-committee meeting four times.

Since the end of the Scheme Year, we have continued to meet regularly in line with our agreed schedule. Each sub-committee also meets at least quarterly. Additional meetings are arranged as required.

There have been four key events which have impacted the Scheme during the Scheme Year:

1. **Investment strategy:** We launched three new fully sustainable lifestage arrangements with different growth fund options: the Smart Sustainable Growth Core Fund, Smart Sustainable Growth Fund (the Smart Pension default fund) and Smart Sustainable Growth Plus Fund and the same available retirement targets i.e. flexible retirement, annuity purchase and cash. The self-select fund range was streamlined, with ESG-tilted versions of funds being offered where available and three of the funds were removed. Two new impact funds were introduced after the scheme year-end. Impact funds are investments contributing to solutions for social and environmental issues alongside generating a financial return.

2. **Cost of living:** Many people, including our members, are seeing the costs of essential items rising more quickly than the rate at which their income is increasing, causing a strain on finances and the ability to save towards retirement. The Trustee is sensitive to these rising costs and suggests:

    a. Thinking carefully if considering opting out of your pension to make sure it really is in your best overall financial interests.

    b. Visiting our Financial Wellbeing hub for some articles you may find useful.

    c. Reading this article that explains a little more about the volatility seen in 2022.

3. **Process changes and change to the charging structure:** The Trustee continues to seek to maximise value for members against the need to ensure costs are met and engage with Smart on their pricing structure. Smart increased the fixed monthly charges for a significant proportion of members in the Scheme. Members now pay a range of monthly fees, from no fixed fee up to £1.75 a month, depending on your associated employer. If this change applied to you, you would have received a separate communication. We confirm that the charges are still within the limits pension schemes can charge their members and as part of our Value for Members assessment are comfortable that the overall pricing continues to offer value for the services provided to you as members.

   Finally there have been some system changes over the year, including a new fees and charges engine, allowing Smart to deduct your fees rather than relying on our platform provider. For any significant change that we oversee, we seek reassurance that the changes are well managed and implemented correctly, and improve your experience or the efficiency of the service we deliver.

4. **Growth and transfers:** The Ensign master trust triggered a wind-up of their scheme and we took on their members during the Scheme Year. The assets of those members were transferred into the Scheme in July 2023. In addition, we have partnered with Schroders to provide a different investment offering for clients who are introduced to Smart from Schroders. We welcome all those members who have joined us this year. There are also some new developments since year end and we look forward to members from The Crystal Trust joining us soon, along with those who join via Mercer Smart Pension. We as a Trustee are doing all we can to ensure these projects are well managed and have sufficient expertise and resourcing in place, working closely with The Pensions Regulator.

We have also continued to undertake all necessary tasks and reporting to maintain our status as an authorised master trust. An authorised status demonstrates that:

- The Trustee Directors and the senior management at Smart are fit and proper persons to run a master trust.
- A detailed business plan for the Scheme is maintained.
- The Scheme has adequate financial reserves.
- The Scheme and Smart have developed an appropriate continuity strategy. This is a high-level strategy which will be adopted if there is a 'triggering event' which may indicate that the Scheme cannot continue to operate.
- Our Scheme systems and processes are robust, ensuring that the Scheme is run effectively.

We have also seen further significant growth within the Scheme over the Scheme Year with membership numbers increasing by c171,000 and assets increasing significantly to over £3bn.

The latest version of this statement is made available to members online via our website and is also signposted in member benefit statements.

Chair’s statement
for the year ended 30 June 2023

1. Investment arrangements

Default investment arrangement

The default investment arrangement is provided for those members who do not choose an investment option (although members can also choose to invest in it). At the end of June 2023 approximately 98.6% of Scheme members had their contributions and funds invested in a default investment arrangement.

The Scheme now has five default investment arrangements, depending on the membership:

- The **Smart default** investment arrangement (the Smart Sustainable Growth Fund targeting flexible income glide path strategy). This applies to the majority of the membership.
- The **Smart Sustainable Growth Core Fund** targeting flexible income glide path strategy. This applies currently only to the former Ensign members but is available to new employers. This has been available since December 2022.
- The **Schroders default** investment arrangement – provided for those members who join through the Schroders arrangement. This has been available since December 2022.
- The **ex-Tesco default** investment arrangement – provided for those deferred members who transitioned from the Tesco Money Purchase Scheme in March 2020.
- The **Barclays default** investment arrangement – provided for those members who join through the Barclays arrangement. This was introduced from June 2021.

A new default growth fund has also been created, the **Smart Sustainable Growth Plus Fund** which is available for use in a lifestage arrangement by employers (as mentioned earlier).

Setting an appropriate investment strategy

We set the investment strategy for the Scheme’s default arrangements. As Trustee, we know that members have different attitudes to risk and different aims for their retirement savings. When choosing the investment strategy, we have therefore taken into account (amongst other things):

- The kinds of investments to be held.
- The balance between different kinds of investments.
- Investment risks.
- The expected return on investments.
- Realisation of investments and liquidity.
- Environmental, Social and Governance (or ESG) risks and stewardship activities such as the effect of climate change on the investments.

Most members have been automatically enrolled into the Scheme by their employer with the minimum contributions being made to comply with automatic enrolment legislation. The expectation is that the majority of members will partially access their retirement savings by taking a cash lump sum and then use the balance for a mixture of income and capital protection in retirement.

The Smart default investment strategy effective during the Scheme Year is summarised below.

The strategy changes the types of assets in a member's account as the member gets closer to accessing their retirement savings (we call this a lifestage arrangement – this type of strategy is also often referred to as a lifestyle or glidepath arrangement). We acknowledge that members will have different attitudes to risk and different aims for accessing their retirement savings, and so it is not possible to offer a single default investment option that will be suitable for all.

However, we believe that the lifestage arrangement represents a suitable default investment option for members who do not make a choice about how their contributions (and those made on their behalf by their employer) are invested, taking into account:

- The demographic profile of the Scheme's membership.
- Likely benefit choices at retirement.
- Investment risks.
- Expected return on investments.
- Realisation of investments.
- Environmental, Social and Governance (or ESG) risks and stewardship activities such as the effect of climate change on the investments.

In light of this, the Smart default investment strategy seeks to obtain a long-term, inflation-protected return. It does this by investing largely in passively managed equities whilst the member is in the growth phase of their savings journey. When the member reaches an age eight years before their selected retirement age (age 57 based on a retirement age of 65), the strategy progressively switches into lower-risk, income-producing assets such as bonds and other fixed income products, and into cash. This is known as the de-risking phase.

Growth phase

The table shows the spread of assets across different investment funds for the growth phase of the Smart default strategy (our Strategic Asset Allocation – SAA).

Fund name	Asset Class	Smart Sustainable Growth (default)
LGIM Future World North America Equity Index Fund	Equity	29%
LGIM Future World UK Equity Index Fund	Equity	11%

LGIM Future World Europe ex UK Equity Index Fund	Equity	6%
LGIM Future World Japan Equity Index Fund	Equity	5%
LGIM Future World Emerging Markets Equity Index Fund	Equity	4%
LGIM Future World Asia Pacific ex Japan Equity Index Fund	Equity	2%
JPMorgan Carbon Transition Global Equity ETF Fund	Equity	20%
AXA World Funds – ACT Biodiversity	Equity	3%
Mirova Global Green Bonds Fund	Fixed income	10%
MV Dual Credit Fund	Fixed Income	10%
Total		**100%**

De-risking phase

The chart below shows how we automatically move your money into different investments as you get closer to retirement. The **Smart default** investment strategy is a lifestage arrangement as shown in the chart below (charts for other strategies can be found in Appendix 2). Details of the underlying funds can be found in our Statement of Investment Principles (included as Appendix 3).

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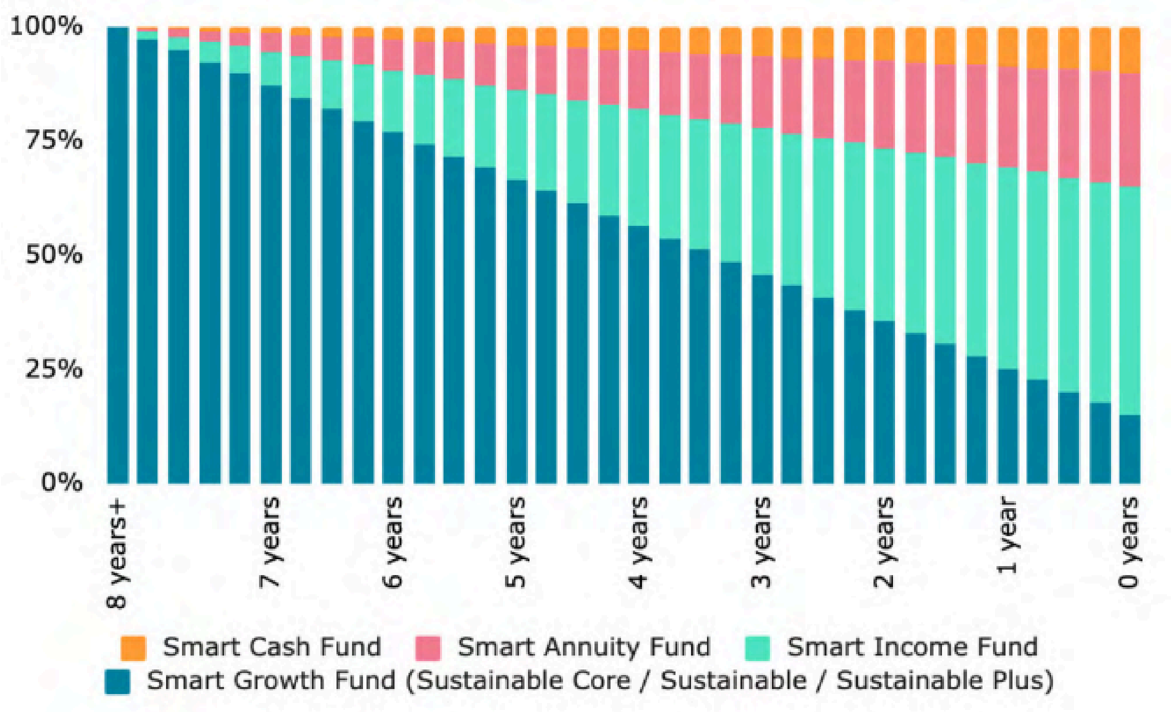


The other default investment strategies follow different approaches.

- The Schroders default is a lifestage arrangement which automatically moves your money into different investments as you get closer to retirement, it targets a flexible retirement.
- The ex-Tesco default is a lifestage arrangement which automatically moves your money into different investments as you get closer to retirement, it targets taking pension benefits as cash.
- The Barclays default is a lifestage arrangement which automatically moves your money into different investments as you get closer to retirement, it targets a flexible income.

  Full details of these strategies can be found in your Investment Guide (available through your member account) and in the Investment Policy Implementation Document, available on the governance site https://www.smartpension.co.uk/governance/scheme-governance.

Reviews of the default arrangements

Investment performance

The investment performance of each of the default arrangements is reviewed at least quarterly. Investment performance reporting and progress on any projects is provided on a quarterly basis by both Smart's Chief Investment Officer and our own investment adviser, Hymans Robertson. This performance reporting is reviewed by the Investment Sub-Committee at their meetings and also by the full board at the next relevant Trustee board meeting. During the last Scheme Year, the Investment Sub-Committee received and reviewed the performance at meetings held on 12 September 2022, 14 November 2022, 28 February

2023 and 6 June 2023. The full board reviewed the performance at meetings held on 29 September 2022, 19 December 2022, 30 March 2023. The investment performance remained consistent with the aims and objectives of the respective default strategies, with the growth funds delivering positive returns over the Scheme Year. The Smart Annuity Fund suffered on performance, as UK government bond prices continued to struggle with increasing interest rates. However, it performed in line with its benchmark of annuity prices (if not slightly better).

The net investment performance figures for the Scheme Year are disclosed in detail in Appendix 5.

Suitability – Smart Default Strategy – accumulation

We reviewed the ongoing suitability of the default arrangement, including asset allocation boundaries and elements of the underlying investment funds in December 2022. No immediate actions were identified.

We currently have 100% of the Smart default arrangement invested in funds which meet our stated environmental, social and governance (ESG) objectives. As we move through the 2023/24 year, we are implementing a new AMX-DWS Global Stewardship Equity Fund, which will have a focus on climate transition to net zero by 2040, in line with our objectives, as well as the ability to pass through voting, with our own voting and engagement policy. A copy of our Responsible Investment Policy, Voting and Engagement and Climate and Nature Policy can be found on the Smart Pension website.

Suitability – Smart Default Strategy – decumulation

Smart Retire, our innovative decumulation solution was launched in May 2021. The suitability of the underlying funds was ratified at this time. This solution allows a member to remain invested in the Scheme when they reach their selected retirement age but to also draw a pension income as and when they need to. Smart Retire offers members the choice of up to four different investment 'pots' in which to invest their monies, but these do not form part of our default arrangements. You can find further details of the investment funds used for Smart Retire in the Investment Policy Implementation Document, available on the governance site https://www.smartpension.co.uk/governance/scheme–governance.

Suitability – Smart Sustainable Core Growth Fund default

Prior to the launch of this new Fund, the Trustee received advice from Hymans Robertson on the suitability of the proposed funds. This fund was not live at the time of the last annual review but will fall into the scope of the December 2023 review.

Suitability – Schroders default

We reviewed the ongoing suitability of the default arrangement, including asset allocation, risk return profile and manager ratings in December 2022. No immediate actions were identified.

Suitability – Barclays default

We reviewed the ongoing suitability of the default arrangement, including asset allocation, risk return profile and manager ratings in December 2022. No immediate actions were identified.

Suitability – Ex-Tesco default

The members that transitioned from the Tesco Money Purchase Scheme in March 2020 follow a different default strategy which mirrors that in place under the Tesco Retirement Saving Plan (TRSP). Members have the option of choosing instead to use the Smart default strategy or our range of self-select investment funds.

The use of a 'mirrored' TRSP strategy has introduced an additional layer of governance for us as Trustee. We are informed of the investment strategy used by the Trustee of the TRSP and of any proposed changes. We then take our own formal investment advice to confirm whether the strategy is, or remains, suitable for the ex-Tesco members in our Scheme. We are able to adopt a different strategy if our advisers believe that this would be in the best interests of these members.

We monitor the performance of the Tesco default funds at least quarterly alongside the Smart default and self-select investment funds. The suitability of the ex-Tesco default arrangement was reviewed in December 2022. The arrangement uses a different fund and lifestage strategy to the main Smart default arrangement, which whilst also being diversified across different asset classes, follows a 20-year de-risking glidepath. It has an investment objective for the growth phase of CPI +4% per annum.

In the Scheme year, an update to the strategy was implemented to incorporate further integration of ESG. The equity allocation was restructured to move a portion to a new custom ESG index, and add an active equity fund. The corporate bond and ethical funds moved to ESG focused custom indices. New fund managers were also added to the equity and diversified funds. Details of underlying funds can be found in our Implementation Statement, available online here.

Statement of Investment Principles

The Statement of Investment Principles (SIP) was revised twice during the Scheme Year (in December 2022 and June 2023), to reflect the changes made to the investment strategies and to update wording relating to climate risks and opportunities to encompass nature and biodiversity loss. The latest version is available on our member and public websites (including smartpension.co.uk). A copy of the current version of the SIP is included as Appendix 3 to this Statement.

Alternatives to the default arrangements

As a member, you have the option of choosing not to use our default arrangements but to invest in one of our alternative lifestage strategies or choose from our range of self-select funds.

We offer lifestage strategies targeting a flexible income / drawdown (the default), targeting a guaranteed income / annuity and targeting cash. We have provided details of the de-risking phase profiles for these different strategies in Appendix 2. All of these strategies can be used with the Sustainable Growth Fund, Sustainable Growth Core Fund or the Sustainable Growth

Plus Fund (the default strategy targets flexible income with the Sustainable Growth Fund). These do not apply to Schroders, ex-Tesco or Barclays members.

Schroders members can choose one of three funds for the growth period, depending on how much risk they want to take. The lifestage arrangements also offer three different targets; flexible income / drawdown (default), a guaranteed income / annuity and cash.

Barclays members have access to five multi-asset risk-profiles funds. These Barclays Wealth Global Markets funds are rated from one to five with four and five targeting the highest level of risk. Barclays members also have access to some of the Smart self-select funds.

Ex-Tesco members have access to two lifestage funds in addition to the default (Drawdown and Regular Income Options) and a self-select list of funds detailed in the Investment Guide and listed in the charge section of this statement.

If members wish to make their own investment asset allocation decisions it is possible for them to choose investment funds from the following range (some of these may not be available under all charging series, including Barclays, Schroders and ex-Tesco):

- Smart UK Equity Index Fund
- Smart World (ex UK) Developed Equity Index Fund
- Smart All Stocks Index – Linked Gilt Index Fund
- Smart North American Equity Index Fund
- Smart Active Impact Equity Fund (from July 2023)
- Smart Cash Fund
- Smart Global Bond Index Fund
- Smart Active Impact Bond Fund (from July 2023)
- Smart Income Fund
- Smart World Emerging Markets Equity Index Fund
- Smart Shariah Fund
- Smart Ethical and Climate Fund
- Smart Annuity Fund

In addition to these funds, we offer a range of 'blended funds', made up from funds within our individual fund range. We use some of these in our default investment strategies outlined above. Where these are not included in an investment strategy, they are available as a self-select fund (except for Schroders, ex-Tesco and Barclays members).

- Smart Sustainable Growth Core Fund
- Smart Sustainable Growth Fund
- Smart Sustainable Growth Plus Fund

- Smart Growth Fund – Higher Risk
- Smart Growth Fund – Lower Risk

Suitability – self-select fund range

- Our investment adviser, Hymans Robertson undertook a review of suitability in 2022 and it was concluded that the risk return profile was appropriate. However, two new additions to the self-select range have been implemented post Scheme Year end. The Smart Active Impact Equity Fund and the Smart Active Impact Bond Fund have been added to give members the option to invest in actively managed funds.
- In addition, three funds were removed from the fund range; Smart De-risking Fund, Smart Lower Risk Fund and the Smart Future Fund. The Trustee wanted to provide better value for members by reducing the number of similar investment options on offer.

Expert advice

We are advised by Hymans Robertson LLP on investment matters, who are appropriately qualified experts. The day-to-day selection of the underlying investment stocks, bonds and investments is delegated to our investment managers, Legal & General Investment Management, HSBC, JP Morgan, AXA, Mirova, Schroders Barclays Wealth and MV Credit Partners LLP (for the MV Dual Credit Fund). The investment managers are authorised and regulated by the Financial Conduct Authority.

We also have Fiduciary Management Agreements in place with Schroders (and Mercer post year end). This is an agreement that allows some delegation of the day-to-day investment decision-making and implementation with a defined framework the Trustee agrees to.

Environmental, Social and Governance considerations

The majority of our members are invested in our default investment strategy which initially invests in the Smart Sustainable Growth Fund, which has 100% of all investments in specific sustainable funds. These funds invest relatively more in companies with strong environmental, social and governance (ESG) credentials, including from a carbon footprint and green revenues perspective, and less in those who are doing less well in these areas.

Members may alternatively invest in one of our self-select funds which have at a minimum ESG integration, with the exception of the Shariah and Index-linked gilts funds.

The Trustee obtains and periodically reviews fund managers' sustainable investment policies, ensures that fund managers are aligned with the Red Line Voting Initiative, are, or are working towards becoming, signatories of the UN Principles for Responsible Investment and the UK Stewardship Code. The Trustee expects the platform providers to monitor adherence of their investment managers to stated voting and engagement policies and engage with managers where concerns are identified.

We report on how our fund managers are exercising their voting rights in our Implementation Statement, a copy of which is included as Appendix 4.

Also, our policies were updated over the Scheme year and available on our website, detailing our approach to ESG in more depth (available on the governance site https://www.smartpension.co.uk/governance/scheme-governance).

The Trustee successfully achieved Stewardship Code status in the period and completed our first Taskforce on Climate-related Financial Disclosures (TCFD) report. These are available to members at the link above and provide a good summary of our progress.

Monitoring performance

We monitor the performance of the investment funds (including those in the default investment arrangements) against agreed benchmarks and consider whether the performance is consistent with our investment strategy. Investment performance is considered at least quarterly by both the Investment Sub-Committee and the full Trustee board. The ISC will bring any issues to the attention of the full Board immediately should they have any concerns. If there are any concerns in relation to deviation from the benchmark, meetings will be held between the Trustee and the investment manager to understand why performance wasn't as expected and to consider any changes that might need to be made. During the Scheme Year this has not been necessary. We also met with current and prospective managers regularly during the Scheme Year and issued (and received responses back) detailed stewardship questions to our investment managers. These responses were also reviewed by the Trustee.

Our Investment advisers report to us in respect of any concerns they have in regard to either our investment strategy or the underlying fund managers. These reviews are proactive and would include concerns not immediately obvious by way of performance, for instance change in staffing, structure or culture at the respective managers. The regular reviews also include consideration of potential future additions or changes to our strategies, such as the changes outlined above under the heading 'Smart default strategy'.

Further information in relation to the investment strategy and investment objectives

Further details in relation to the investment strategy and investment objectives of the default arrangements are recorded in the Statement of Investment Principles (see Appendix 3).

Security of members' investments

The security of members' investments is very important to us. The Scheme invests via the Legal & General and Mobius investment platforms in funds where the manager is authorised and regulated in the UK. Where investments are held directly with the manager, they are subject to protection by custodian or depositary arrangements and ultimately covered by the Financial Services Compensation Scheme (FSCS). The Legal & General investment platform is covered by the FSCS. Underlying Legal & General funds on the platform will also be covered. For Mobius the level of security to investors in respect of funds is linked to the solvency of Mobius Life. The

Trustee reviews Mobius Life's solvency position and is comfortable that there is a substantial level of cover relative to the minimum capital solvency requirement, although it may lack the depth of the resources of a major financial group. As with Legal & General, FSCS protection is also available for those funds where Mobius is linked directly to the asset. However, funds of third-party managers –HSBC, Barclays Wealth, Schroders, AXA, JP Morgan, Mirova and MV Credit (the latter four forming part of the default investment strategy) may not be. That being said, we are satisfied that there are sufficient protections in place for these funds on the two platforms we currently use. We keep the security of investments under regular review.

2. Charges and transaction costs paid by members

We need to explain the charges and transaction costs (the costs of buying and selling investments in the Scheme) which are paid by members rather than the employers. We have taken account of and complied with statutory guidance when preparing this section.

Where information about member transaction costs is not available, we have to make this clear to you together with an explanation of what steps we are taking to obtain the missing information. We were able to obtain details of the transaction costs across all of the funds.

There are a range of different charging structures within the Scheme, depending on the membership and the default investment strategy applicable. These are as agreed with your employer. These are referred to as Series 1-5, AMC 0.4, ex-Tesco, Barclays and Schroders. The level of charges applicable to the Scheme's default arrangements during the Scheme Year were:

- **Series 1/2:** This charge is a flat per member fee of up to £1.75 per month plus an annual investment management charge of 0.30% of assets under management (0.33% including additional expenses). This is applicable to the majority of members using the Smart default investment arrangement (Smart Sustainable Growth Fund). This is referred to as Series 1/2 in the illustrations in Appendix 1.

- **Series 1/2 – Smart Sustainable Growth Core:** This is an alternative charging structure for the Smart default investment arrangement (the Smart Sustainable Growth Core Fund). This is an annual management charge of 0.25% (no additional expenses). This is referred to as Series 1 – Smart Sustainable Growth Core Fund in the illustrations in Appendix 1.

- **Series 3:** This is an alternative charging structure for the Smart default investment arrangement (the Smart Sustainable Growth Fund). This structure applies a flat per member fee of up to £1.75 per month plus an annual management charge of 0.25% (0.28% including additional expenses). This is referred to as Series 3 in the illustrations in Appendix 1.

- **Series 4:** This is an alternative charging for the Smart default investment arrangement (the Smart Sustainable Growth Fund). This is an annual management charge of 0.45% of assets under management (0.48% including additional expenses). This is referred to as Series 4 in the illustrations in Appendix 1.

- **Series 5:** This is an alternative charging structure for the Smart default investment arrangement (the Smart Sustainable Growth Fund). This structure applies an annual management charge of 0.35% (0.38% including additional expenses). This is referred to as Series 5 in the illustrations in Appendix 1.
- **AMC 0.4:** This is an alternative charging structure for the Smart default investment arrangement (the Smart Sustainable Growth Fund) that was introduced for bespoke acquisitions. This structure applies an annual management charge of 0.40% (0.43% including additional expenses). This is referred to as AMC 0.4 in the illustrations in Appendix 1.
- **Ex-Tesco:** This is a charging structure introduced by Smart to accommodate the transitioning of a large number of members from another pension scheme into our Scheme. This has a dual charging basis made up of an annual management charge of 0.14% of assets under management, plus a fund management charge. For the default arrangement this is 0.18% of the fund value, reducing to 0.11% over the four years before retirement age. This amounts to a total annual charge of 0.32%, reducing to 0.25%. The default investment arrangement is referred to as the ex-Tesco default.
- **Barclays:** This is a charging structure introduced by Smart to accommodate the Barclays introduced employers. This has a charging basis made up of an annual management charge and a per member investment fee. The charge is 0.45% of assets under management. An investment fee of £1 per month is also deducted from members’ funds. The default investment arrangement is referred to as the Barclays default.
- **Schroders:** This is a charging structure introduced by Smart to accommodate the Schroders introduced employers. This has a charging basis made up of an annual management charge and a per member investment fee. The charge is 0.31% (0.33% including additional expenses) of assets under management. The default investment arrangement is referred to as the Schroders default.
- **Smart Retire:** This is a charging structure for the Smart Retire decumulation arrangement. This structure applied a flat per member fee of £2.50 per month which was removed from March 2023. Also, there is an annual management charge of 0.30%* for the Flexible Income pot and 0.25% for the Later Life and Rainy Day pots. The Inheritance pot ranges from 0.25%-0.5% (0.28% – 0.53% including additional expenses).

Smart Retire Pot	Platform Fund
Flexible Income	Smart Income Fund
Later Life	Smart Annuity Fund
Rainy Day	Smart Cash Fund
Inheritance	Smart Sustainable Growth Fund / Smart Sustainable Growth Core Fund / Smart Sustainable Growth Plus Fund

*Former Ensign members in decumulation at the point of transfer to Smart pay 0.25%

The amount charged to members, described above, is compliant with the charge cap for default funds set by the Government. If a member's account value is equal to or less than £100 (assessed monthly), any monthly flat fee is not charged.

These charges do not include transaction costs that are disclosed in Appendix 5.

The level of charges applicable to the funds offered under the Scheme which were not part of the Scheme's standard default arrangements during the Scheme Year were as shown below. Quoted costs are the Annual Management Charge (AMC) and Additional Expenses (AE). The Total Expense Ratio (TER) (to two decimal places) is the sum of the Annual Management Charge (AMC) and Additional Expenses (AE).

For Series 1-5 and AMC 0.4 members

Smart Fund Name	Series 1 /2 Barclays AMC	Series 3 AMC	Series 4 AMC	Series 5 AMC	AMC 0.4	Additional Expenses
Smart Sustainable Growth Core	0.25%	0.20%	0.40%	0.30%	0.35%	-
Smart Sustainable Growth Fund	0.30%	0.25%	0.45%	0.35%	0.40%	0.03%
Smart Sustainable Growth Plus	0.50%	0.45%	0.65%	0.55%	0.60%	0.03%
Smart Growth – Higher Risk Fund (Gross)	0.30%	0.25%	0.45%	0.35%	0.40%	0.01%
Smart Growth – Lower Risk Fund	0.30%	0.25%	0.45%	0.35%	0.40%	0.00%
Smart World (ex UK) Developed Equity Index Fund	0.25%	0.20%	0.40%	0.30%	0.35%	-
Smart North America Equity Index Fund	0.25%	0.20%	0.40%	0.30%	0.35%	-
Smart UK Equity Index Fund	0.25%	0.20%	0.40%	0.30%	0.35%	-
Smart World Emerging Markets Equity Index Fund	0.40%	0.35%	0.55%	0.45%	0.50%	-
Smart Ethical & Climate Fund	0.30%	0.25%	0.45%	0.35%	0.40%	0.05%
Smart Sharia Fund	0.43%	0.38%	0.58%	0.48%	0.53%	0.12%
Smart All Stocks Index – Linked Gilts Index Fund	0.25%	0.20%	0.40%	0.30%	0.35%	-
Smart Global Bond	0.25%	0.20%	0.40%	0.30%	0.35%	-

Index Fund						
Smart Cash Fund	0.25%	0.20%	0.40%	0.30%	0.35%	-
Smart Income Fund	0.30%	0.25%	0.45%	0.35%	0.40%	0.00%
Smart Annuity Fund	0.25%	0.20%	0.40%	0.30%	0.35%	-

For Barclays members

For all Barclays strategies and funds there is a TER of 0.45% of assets under management plus an investment fee of £1 per month deducted from members' funds. The charges applying to these funds may be higher or lower than 0.45% and are as shown in the above table.

For ex-Tesco members

- For all funds there is an AMC of 0.14%. The fund management charge varies by fund and may be higher or lower than 0.18%, meaning that the total charge may be higher or lower than 0.31% of assets under management. The TER (including additional expenses) is as shown below:

- Smart Pension (former Tesco MPS) Lifestyle Investment Option	0.32%
- Smart Pension (former Tesco MPS) Lifestyle Drawdown Option	0.32%
- Smart Pension (former Tesco MPS) Lifestyle Regular Income Option	0.32%
- Smart Pension (former Tesco MPS) Growth Fund	0.32%
- Smart Pension (former Tesco MPS) Equity Fund	0.26%
- Smart Pension (former Tesco MPS) Diversified Fund	0.45%
- Smart Pension (former Tesco MPS) Corporate Bond Fund	0.25%
- Smart Pension (former Tesco MPS) Nearly There Bond Fund	0.27%
- Smart Pension (former Tesco MPS) Annuity Target Fund	0.21%
- Smart Pension (former Tesco MPS) Index-Linked Gilts Fund	0.17%
- Smart Pension (former Tesco MPS) Cash Fund	0.22%
- Smart Pension (former Tesco MPS) Ethical Fund	0.27%
- Smart Pension (former Tesco MPS) Shariah Fund	0.46%

For Schroders members (to 3 decimal points)

Fund name	AMC (p.a.)	TER (p.a.)
Smart Schroders Longer Term Growth Fund	0.305%	0.326%
Smart Schroders Stable Growth Fund	0.283%	0.308%
Smart Schroders Cautious Growth Fund	0.266%	0.288%
Smart Schroders Retirement Focus Fund (Default)	0.244%	0.261%
Smart Schroders Retirement Focus	0.207%	0.212%

Fund (Annuity)		
Smart Schroders Retirement Focus Fund (Cash)	0.215%	0.225%
Smart Schroders Global Equity Fund	0.249%	0.255%
Smart Schroders Corporate Bond Fund	0.205%	0.214%
Smart Schroders Fixed Annuity Focus Fund	0.225%	0.225%
Smart Schroders Inflation-Linked Annuity Focus Fund	0.225%	0.225%
Smart Schroders Cash Fund	0.215%	0.225%
Smart Schroders ESG Fund	0.378%	0.378%
Smart Schroders Islamic Global Equity Fund	0.465%	0.465%

Illustrations of the cumulative effects of charges and transaction costs

We have included a number of tables in Appendix 1 showing the potential impact over time of the costs and charges borne by Smart members on projected benefit values at retirement (and in decumulation) in today's money for typical members over a range of ages. All the illustrations share the following limitations:

- The illustrated values are estimates using assumed rates of future investment returns and inflation which may not be borne out in practice.
- The assumptions used in the illustrations may differ in the future to reflect changes in regulatory requirements or investment conditions.
- The illustrated values may be affected by future changes to the Scheme's investment options.
- The growth assumption depends on how far members in the lifestage profiles are from retirement as the funds used change over time.
- The illustrated values are not a guarantee and may not prove to be a good indication of how an individual member's savings might grow.

The assumptions used for all the illustrations are shown in tables 29 and 30 in Appendix 1.

Transaction costs

Smart has been in ongoing dialogue with the investment managers regarding the transaction costs that have been deducted from the funds by the investment manager. For example, transaction costs would be incurred when shares are bought or sold within the fund (e.g., UK Stamp Duty on shares or brokerage fees).

We have been provided with the costs by Legal & General Investment Management (LGIM) and Mobius. A table showing all of the funds and their respective transaction costs is provided in Appendix 5. These costs have been taken into account in the calculations shown in the tables in Appendix 1.

Some of these transaction costs are shown as negative. The Financial Conduct Authority (who regulate financial markets in the UK) requires that implicit transaction costs are calculated using the 'slippage method'. The slippage method calculates transaction costs by looking at the difference in the asset value before and after a transaction. There can be a difference in the time when the transaction is executed and when it enters the market. As such, if an investor is selling in a rising market, or buying in a falling market, the calculation will create a gain that may outweigh the other explicit transaction costs, resulting in a negative cost. Where transaction costs are negative within our calculations, we have assumed those costs are zero as a measure of prudence.

The figures in the tables shown in Appendix 5 allow us to assess how efficiently the funds are managed by the fund manager. In overseeing the Scheme investments, we also take into consideration charges brought about by the pricing mechanism for buying and selling units in the funds.

The prices of the funds held on the LGIM and Mobius investment platforms that we use are calculated using a method called 'single swing pricing'. This method is designed to ensure fair treatment for all investors in the fund and is the most widely used pricing method in the funds industry. The way it works is that all investors who are investing into a fund or taking money out of a fund are quoted the same price. That single price generally sits at a 'mid-point'. However, when there are particularly large purchases, the price 'swings' up. The same process happens for withdrawals, where the price can then swing down. This makes sure that the dilution costs caused by these transactions are covered by those either entering into or exiting the fund and not by the fund's investors.

We are happy to report that we continue to ensure transparency in respect of transaction costs and together with our investment advisers, work with the asset managers to achieve this.

3. Good value for members

When assessing whether the charges and transaction costs which are payable by members represent good value, we need to think about the investments, options and the benefits offered by the Scheme to members compared with other options available in the market.

There is no legal definition of 'good value' and so the process of determining good value for members is a subjective one. However, we are following The Pensions Regulator (TPR) and Financial Conduct Authority's (FCA) work on this topic, including a recent consultation response, and we continue to monitor their progress and actively contribute to industry discussions on value. We have received advice on how to assess good value from our advisers and considered regulatory guidance.

We have chosen to run a balanced scorecard assessment again after the Scheme Year end in the form of ‘spider graph’ charts. This reflects data and analysis from the beginning of the Scheme Year covered by this statement, i.e. from 1 July 2022 and takes account of developments over the year. Our comments in step 4 below, ‘Evaluation’, unless otherwise noted, apply to the review conducted as at 30 June 2023 (at the end of the Scheme Year).

We used the following process, which is an evolution of that used in previous years’ value for money assessment:

Step 1: We collected information about the total benefits of Scheme membership and the total charges and transaction costs borne by members.

We considered that the benefits of membership included (amongst other things):

- Scheme design: the structure and flexibility for members to vary contributions, flexibility of glidepaths, post-retirement options and contribution tax relief.
- Governance: good governance drives good outcomes.
- Investment arrangements: investment performance, the design of the default arrangement and how this reflects the interests of members, and the range of investment options.
- Administration: the efficiency of administration processes and the extent to which administrators meet their service level standards for the Scheme Year.
- Communication: the quality and accessibility of communications delivered to members.
- Charges: how much the Scheme costs you, its members, is a key element affecting the outcomes at retirement.

Step 2: Determine criteria for assessing value

We identified and considered key elements of the management and running of the Scheme and benchmarked the Scheme under each of these against the wider pension marketplace, primarily the pension arrangements offered by our peer-group. We did this by drawing upon our experience of this market, taking the views of our advisers into account and making use of independent and generic research that is available in the industry.

We considered that the investment performance delivered to members in the context of the investment objectives was important. Against this we looked at what we thought members would value most highly, considering the profile of the membership, savings account size, membership status and level of engagement.

We engaged with members on their views of the Scheme (for instance via Member webinars) and always welcome any further comments members wish to make in respect of this analysis.

For areas such as administration, we reviewed how well service standards have been met, as well as the quality of the service provided to members and the features available to members to help them manage their pots. For communication we reviewed timeliness and accuracy alongside more subjective criteria such as the ‘readability’ of our communications.

We also re-considered the Value for Money benchmarks and scoring that were used for the Scheme Year ending 30 June 2023, with the following observations:

- Governance – good governance drives good outcomes. We have continued to build upon the work undertaken with Smart to improve processes and the overall governance. The benefits of efficiently using the sub-committees to spread governance responsibilities continue to be self-evident and we have reviewed their Terms of Reference, including decision-making powers.
- Scheme design – whilst the onus is on an employer to choose a pension scheme for its employees that is the most appropriate, we remain aware of the potential tax implications for low earners who are auto enrolled into the Scheme via a net pay arrangement. We are pleased Smart can now also support employers who are looking to use relief at source.
- Communications – strong communications are critical for member understanding and engagement. We aim to provide clear, easy to read and engaging communications across a variety of different media (online, hard copy, webinars) but recognise that more work can be done to further improve member engagement and feedback.
- Investment arrangements – this remains a key area of importance with significant policies implemented and strategic decisions made this year that we are excited to share with our members such as our commitment to net zero by 2040.
- Charges – the level of charges can have a big impact on member outcomes. The Scheme operates within the Government’s charges cap and our focus is on ensuring the best possible offering for the price members pay.
- Administration – it is crucial that members' funds are invested accurately and in a timely manner. Providing a good service to our members and employers is key to the success of the master trust. Holding and maintaining good data is also an important consideration.

It is these six high-level categories we review in the analysis, reflecting those we believe most impact value for members.

Step 3: Compare the criteria with other schemes

We sought information in relation to other similar schemes, such as charging structures, investment performance and service provision. In this area we considered both short term and long-term costs borne by members to properly reflect the differing market charge structures.

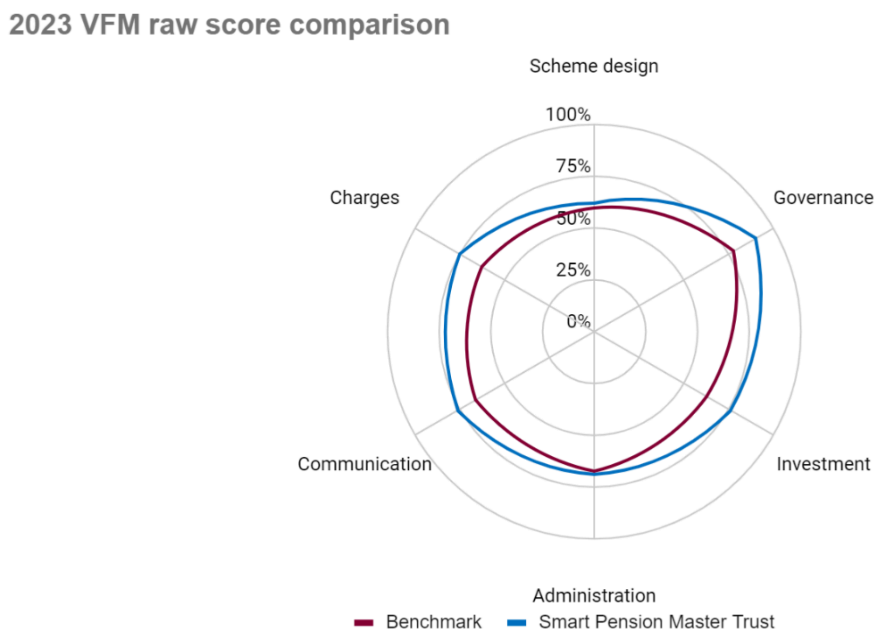
Our analysis considered both 'raw' scores and those weighted against our current priorities (as informed by our member research). The highest weightings are given to investment and charges, with governance and administration following with equal weighting.

Our weightings and therefore priorities for review will change over time as the demographics and needs of Scheme members evolve and further guidance is provided by the Regulators and Government policy.

Step 4: Evaluation

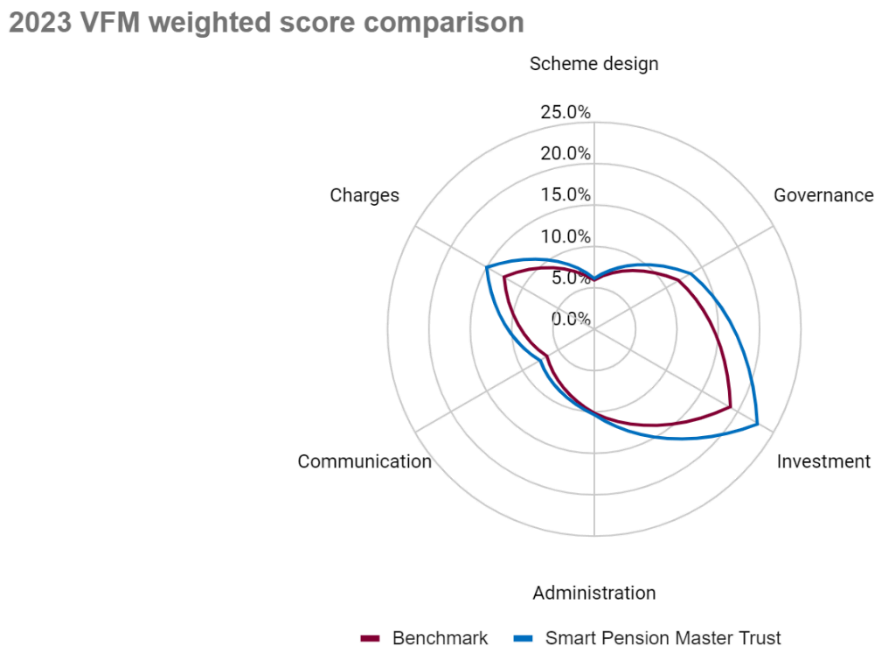
The charts below show the results for both the 'raw' scores and the 'weighted' scores (higher scores being better). We compare the 'benchmark scores' in dark red with the blue line in the chart area representing the Scheme's scores. By doing this, we can assess the Scheme's performance in each of the areas.

The scores represent improvements across most of the areas analysed, compared to the previous Scheme Year.



As you can see, we believe that the Scheme scores favourably or in line with the benchmark, scoring higher than the benchmark for all out of the six areas that we review.

When weighted, two of the six scores fall within one percent of the benchmark, so we would consider these (administration and scheme design) to be in line with the benchmark, with the others ahead of the benchmark.



In addition to observations made under Step 2 above, we also took particular note of the following:

Investment

- We have assessed members' investment returns and overall fund performance to ensure that the costs borne by the members are reasonable for each fund we offer under the Scheme taking into account the outcomes expected from the investments.
- The targeted use of active management reduces active risk for members and new active managers (AXA and Mirova) further diversifies the fund.
- Changes to the strategic asset allocation of the default fund agreed now mean the Smart Sustainable Growth Fund is 100% invested in ESG integrated and tilted funds. As part of this, 20% of our equity allocation is allocated to climate transition equities, 3% to biodiversity equity solutions and 10% of our fixed income is invested in global green bonds.
- We have already reached our 50% scope 1 and 2 carbon emissions reduction target by the end of 2022.
- We successfully achieved Stewardship Code status in the period and completed our first Taskforce on Climate-related Financial Disclosures (TCFD) report.
- Investment arrangements are considered to be stable and well controlled.
- The performance and suitability of our funds is subject to regular review, as well as additional reviews being undertaken through the Russia-Ukraine conflict.

- We continue to develop our ESG policies, in particular the Climate Policy has been extended to address nature as well.

Administration

- Administration is carried out by our in-house administration team, Smart Governance Limited, with a number of the processes being subcontracted to Link Pension Administration Limited. Processes continue to be developed in line with the growing membership and ever evolving customer needs. The Trustee remains engaged in those discussions. They also undertake site visits to the London and Bournemouth offices.
- We have tightened the agreed SLAs in place with Link for a number of tasks, so members will see tighter turnaround times on some key touch points.
- Trustpilot reviews continue to provide a transparent view of the customer experience. The score has remained at 4.6 stars – a very strong score within the pensions market exceeding that of most of our competitors. Our Google review score is 4.2. To help inform the development of the customer experience an independent feedback assessment has commenced in partnership with Investor In Customers.
- Data and information security is far more prominent and important to the integrity of Scheme data and embedded further into our processes with all breaches (however minor) logged and reported to us by our Data Protection Officer.

Scheme design

- During the reporting period the Scheme offered member contribution tax relief via a 'net pay arrangement'.
- Over the period Smart introduced relief at source which is available to employers on a discretionary basis subject to meeting certain criteria.
- Smart supports a range of options for members at retirement including Smart Retire (which offers a flexible retirement solution).
- From July 2023 Smart partnered with Punter Southall to offer an annuity comparison tool to members and allows them to purchase an annuity with an annuity provider.

Scheme governance

- We have continued our work on improving our governance structure over the Scheme Year undertaking a board effectiveness review with an external adviser (further details in Section 5 of the Chair Statement).
- We maintain various documents and policies to help ensure that we remain fully compliant with governance best-practice. Keeping these up to date is an ongoing process and we continue to work with Smart to review and improve our key documents and policies.
- Following authorisation of the Scheme as a Master Trust on 29 August 2019 we have maintained our master trust authorisation status and the ongoing governance and management of this forms a key element of our 'business as usual' duties, supported by

Smart. This status provides further reassurance as to the high standards of Scheme governance. An audit of the Scheme in accordance with the Master Trust Assurance Framework has been undertaken covering the period 1 January 2022 to 31 December 2022 under the new TECH 05/20 AAF, with no significant findings identified by the auditor. Work towards the 2023 assurance report is already underway.

- The Trustee reviewed all of its existing policies and standing protocols which were due their review within the Scheme Year. It has also added to the existing list an Investment Manager Selection and Oversight Policy and agreed wording that will go into a public document on the road to deforestation-free investments.

  All policies are logged on the Trustee's Policies Inventory and are subject to regular reviews.

- In relation to Equality, Diversity and Inclusion (EDI), the Trustee Board undertook a number of actions. Some examples include receiving training on microaggressions from an external specialist, undertaking a survey of Board composition and agreed to a roadmap for the evolution of the current Equality Statement into a more detailed and broader EDI Policy and Strategy.

- Furthermore, we completed our first Taskforce on Climate-Related Financial Disclosures (TCFD) report and achieved Stewardship Code status.

- The Scheme continues to have the advantage of independent (non-affiliated) Trustee directors, a dedicated Scheme secretary (a new one was appointed in the Scheme Year) and good professional advisers. The Scheme has four Directors, all of whom are non-affiliated.

- Capital Cranfield Pension Trustees Limited (CCPTL) remains in place as the Chair of the Board. Their appointment is on a non-affiliated basis.

- We carried out an exercise to evaluate the skillset of the Trustee board during the Scheme Year and implemented a comprehensive and tailored training plan for our Trustee.

Communications and member support

- A dedicated in-house communications team ensures communications are well-written in plain English and in line with the Write Smart guidelines, ensuring a consistent voice, tone and vocabulary.

- The Communications Sub-Committee has worked closely with the Smart Communications Team. There have been a number of communications initiatives, a small sample of which includes:
  - New engaging online content (such as the transfers page www.smartpension.co.uk/members/transfer-pension)
  - Finding lost pensions campaign
  - Our Pension MOT campaign has been refreshed during the course of the Scheme year, it now includes EDI factors and is sent to members of all ages

- Member guides have been subject to regular updates and improvements, written in a style to enable better understanding and engagement for members.
- As part of the April 2023 review of the guides, an EDI lens was applied resulting in some changes;
    - Increased visibility of our accessibility messaging by moving it from the back page to the front page of our active and deferred member guides.
    - Added more inclusive statements and removed assumptions in our member guides. For example, instead of "children" "family" was used.
    - Reviewed case studies in all of our guides to ensure alignment with EDI themes identified.
    - Reviewed imagery in all of our guides. Imagery with younger members using both paper and technology and older members using technology was used.
- Members have access to a dedicated member website – www.smartpension.co.uk/members, including a support area.
- A recorded member webinar was held early during the Scheme Year (June 2023) which had positive feedback and attendance. We had 956 registrations with 596 attendees. We received over 150 responses to a survey issued following the event and the majority provided positive feedback, particularly around the ease of understanding, accessible language and lack of jargon. This has since been made available for members on our website and YouTube channel.

Charges

- The Trustee has reviewed all the charges in place across the scheme and compared them to some other schemes, including consideration of differing pot size. This analysis considered the increases in fixed monthly charges in place by the Scheme Year End (further background is included in the Introduction to the Chair Statement, and in Section 2 all charges are disclosed). The Trustee is comfortable with the charges members pay at Smart and continues to seek opportunities to maximise value to members.

Conclusions

Based on our assessment for the Scheme Year, we have concluded that the Scheme continues to provide good value for members. Nonetheless, there are always areas for improvement, particularly as members' needs change over time and we constantly strive to do better. In particular, areas to focus on during 2023/24 include:

- Investment – The continued oversight of investment arrangements to ensure strong performance, stewardship and governance standards. The Trustee are continuing to seek ways to offer a wide range of return-seeking assets to members at a market competitive rate.

- Administration – It is important to ensure that the newly agreed service levels are monitored and work towards being met by our Scheme administrator. The Trustee will also be monitoring work done to improve the quality of Scheme data in the period.

4. Core financial transactions

We are required to report to you about the processes and controls in place in relation to the Scheme's core financial transactions. The law specifies that these include, but are not limited to, the following:

- Investing contributions paid into the Scheme.
- Transferring assets related to members into or out of the Scheme.
- Transferring assets between different investments within the Scheme.
- Making payments from the Scheme to or in respect of members, including distributing death benefits and refunding contributions for those members who opt-out under automatic enrolment.
- Dealing with payments to or from the Scheme or transfers within the Scheme under pension sharing orders.

We must ensure that all financial transactions are processed promptly and accurately. In practice we delegate responsibility for this to the Scheme administrators. Our Scheme administrator during the Scheme Year was Smart Governance Limited, a wholly owned subsidiary of Smart Pension Limited. Elements of the day-to-day administration are subcontracted to Link Pension Administration Limited.

We have an administration agreement, incorporating a service level agreement, with Smart Governance Limited which covers the accuracy and timeliness of all core financial transactions. This service level agreement provides that core financial transactions are processed, broadly, within the following time limits:

- Investing contributions paid into the Scheme within 5 days of receipt of the contribution and all required information.
- Transferring assets related to members into or out of the Scheme within 10 days of receiving the necessary documentation.
- Transferring assets between different investments within the Scheme within 2 days of a member request.
- Making retirement payments from the Scheme within 5 days of receipt of all necessary documentation.

In relation to transfers, we have reviewed the SLA's and aligned them to the emerging industry STAR standard. We also signed up to the Origo Transfer Index in the prior Scheme Year and have seen a significant decrease of 'complex' transfers (moved from 99% to 2%) in favour of 'simple' ones by changing our processes and making improvements. The continuous improvement programme has delivered a number of changes to improve the customer experience, this includes automated vetting of transfer in Letters of Authority through the Pension Lab, a simplified internal transfer process, introduction of the Standard Interface Files engine to allow smoother upload of new joiners, changes and contributions and the re-design of the member app.

This programme is largely informed by the continued focus on both internal and external customer insights, collected, analysed and acted upon by the Voice of the Customer Forum (VoC) which meets quarterly. VoC has business wide representation and applies 360-degree consideration of the member experience. Internal factors would include examples such as complaint trends, customer/staff feedback and engagement with campaigns, whilst external factors would include monitoring environmental, pension market and economic activity.

Use of Keystone technology in processing of core financial transactions allows for automated and secure processing. For example, contributions paid into the Scheme are invested on a straight through processing basis without any manual intervention and this process is triggered automatically by the receipt of contributions to the Scheme. Transferring members' assets between different investments is also an automated process triggered by the member selecting their desired fund portfolio through their online member portal.

The Scheme administrator has created standard operating procedures for all key administration tasks which allows it to monitor core financial transactions and to ensure that all time limits under the service level agreement are met. There are dedicated resources responsible for monitoring the bank account and ensuring all transfers received to the Scheme are reconciled and applied to members' accounts within the time limits set out in the service level agreement.

The Scheme administrator operates a late contribution monitoring procedure, where the process determines late contribution payments at 1 (new for this year), 30, 60 and 90 days, triggering communication to the employer and at 90 days, to the member. An early warning report and communication to employers exists to identify the larger contribution payments with a view to trying to resolve the issues ahead of the formal process. A further process runs quarterly to determine any employers who are persistently late in paying contributions. Where accounts are not rectified, a report is submitted to the Pensions Regulator after 90 days.

The Scheme administrator provides regular (at least quarterly) reports to us through the Operations & Communications Sub-Committee which allows us to assess how quickly and effectively the core Scheme financial transactions are completed. Any mistakes or delays are investigated thoroughly, and action is taken to put things right as quickly as possible.

During the prior Scheme Year, the service level agreement was reviewed and changes to the service levels, favourable to members, were implemented during the first half of 2023.

In the reporting period we also considered the Scheme administrator reports at our regular Trustee Board meetings and considered various aspects of processing financial transactions including:

Enrolment, member transactions and member communication

We reviewed dealings with, and in respect of members, including:

- Joining and leaving the Scheme
- The collection and investment of contributions
- The payment of benefits
- Communication.

There have been no material failings in our dealings with members.

Accounting matters together with investments, switching and rebalancing of funds

This covers those processes that allow us to invest members' contributions accurately, carry out the appropriate investment switching, whether by instruction from the member or as a result of a lifestage strategy and track the values of their savings.

Where any delays or errors which may have affected members have been found, Smart has corrected these to the point when the transaction should have taken place, so that members have not lost out.

Otherwise, in the Scheme Year, core financial transactions have been processed promptly and accurately.

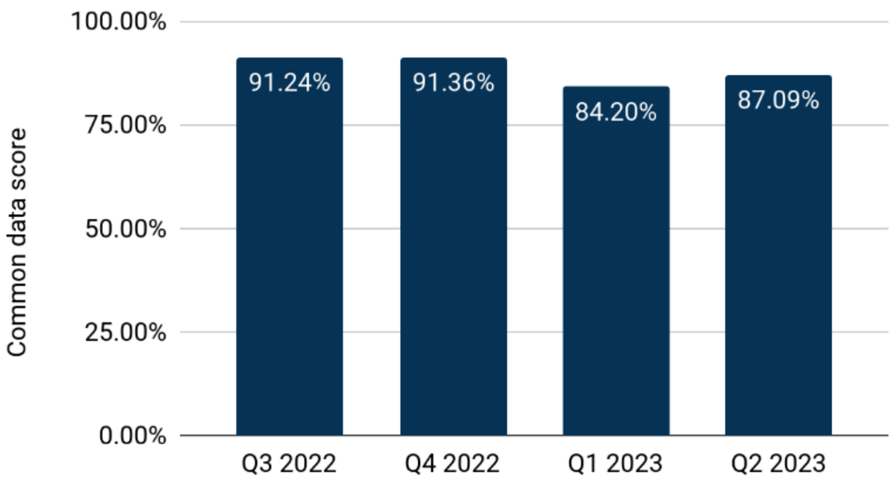
Conclusion

We are confident that the processes and controls in place with the Scheme administrators are sufficiently robust to ensure that core financial transactions (meaning the financial transactions which are important to members) are dealt with promptly and accurately, as previously confirmed for the Scheme Year above.

In addition, noting that we need accurate member data to process contributions and payments correctly, we regularly take steps to review and correct problems with the member data which is held by the Scheme administrator. We make use of external data specialists and tracing companies to help us to do this. The reported Common Data score for the Scheme is 87% at 30 June 2023 (2022: 91%). The score has reduced from that previously reported due in part to changes in data from new large transfers in of members/scheme growth and in part due to a further refinement in the calculation (including refining and improving our definition of complete address information).

We are striving hard to improve the quality of data. This is particularly important with the upcoming Pension Dashboard project, where we must provide data to members who request it via a central portal, using as safe a verification method based upon data standards specified by the Pension Dashboard Program at the Money & Pensions Service, to protect your data without making the process cumbersome. These efforts are offset by the natural fall in data quality e.g. members who move and don't update us with their new address, and challenges with taking on new clients whose data may not be of a high standard. This is reflected in the diagram shown below:

10.3 Changes in the common data score



5. Trustee knowledge and understanding

The law requires the Trustee board to possess sufficient knowledge and understanding so that, together with the advice available to it, it is able to run the Scheme effectively. This means that as Trustee directors, we must have knowledge and understanding of the law relating to pensions and trusts, and the principles relating to the investment of the assets of the Scheme. It also requires us to have a working knowledge of the Scheme's Trust Deed and Rules, Statement of Investment Principles, and other Scheme policy documents relating to the administration of the Scheme.

As part of our Trustee induction process, any new directors appointed during the Scheme Year are required to familiarise themself with all these documents before starting their appointment. These documents are continuously referenced during meetings and any amendments considered as specific agenda items. No new directors were appointed in the period.

All the directors have access to a secure online repository of key documentation for the Scheme.

We take our training and development responsibilities seriously and keep a record of the training completed by each member of the Trustee board. Our training record is updated regularly and training requirements are reviewed at least annually (and before any significant decision, appointment or loss of any Trustee director). Each director is required to complete a skills matrix assessment each year, setting out their own levels of knowledge on a scale from 1 to 3. The findings are collated across the Trustee board to build an understanding of the collective knowledge. These internal reviews, together with Trustee Knowledge and Understanding self-assessment and assessments of Trustee effectiveness which are undertaken in alternate years (with one falling in each year), allow us to identify any gaps in the knowledge and understanding across the Trustee board. This allows us to work with our professional advisers to fill in any gaps.

During the Scheme Year, in addition to 'on-the-job' training received as a result of various discussions during meetings, the directors received the following formal training:

- Regular legal briefing updates provided by Hogan Lovells International (lawyers to the Trustee).
- 30 November 2022 – training sessions delivered by Louise Williamson of Smart, Callum Stewart of Hymans Robinson, Nick Gannon of TPR and Chris Curry of the Pensions Dashboard Programme (PDP) covering Conflicts of Interest scenarios, TCFD training, TPR priorities and insights and an update on the PDP.
- 26 January 2023 – training sessions delivered by Adrian Stenner & Peter Shapland, Rowena Humphreys & Anjali Patel and Nikki Moss & Vidya Sai of Smart covering Smart Retire payroll, Sustainability at Smart and Asset transitions / Bulk transfer projects.
- 27 April 2023 – sessions delivered by Andy Luckman & Pedro Gomes, and Louise Williamson of Smart covering Internal Data Protection measures and a Continuity Event walkthrough. Also, a session from Mamawa Turay covering Microaggressions.
- 18 May 2023 – session by Ian Digby and Paul Correia of Smart covering Blue Sky review on AE, VFM and investment, and background on, and insight into, the Fintech / Tech Solutions market.

All the Trustee directors have completed the Trustee Toolkit made available by TPR, including any new modules that are introduced. New directors are expected to have completed the Toolkit before taking up their appointment. All of the directors maintain their own CPD records which record additional training to that provided in relation to the Scheme.

In addition to the ongoing training, new directors undergo an induction process which includes familiarisation sessions covering the Scheme documentation, processes, Risk Register, and recent Trustee meeting minutes. The process also includes introductions to the Scheme Funder and the various operations and technical teams.

We carried out an assessment of Trustee effectiveness, in Quarter 1 2023. This was in the format of a questionnaire issued to all Trustee directors and supported by a session facilitated by the Hymans Robertson DC team. The findings were reviewed by the Trustee in March 2023 where it was agreed how they would be embedded going forward. Examples of the actions identified included embedding EDI into Board Activities, reviewing the new Trustee Director induction plan, and undertaking a refresher on the understanding of the processes in place for communicating with employers and employer MI. The assessment and the Trustee's consideration of the results of it demonstrated that the Trustee Directors have a working knowledge of the Trust Deed and Rules, the SIP and their current Policies as well as sufficient knowledge and understanding of the law relating to pensions and trusts and the principles relating to funding and investment of occupational schemes.

Further background in relation to each of the directors is set out at the end of this statement, including their areas of expertise. As you can see from the background information about the directors, the Trustee board comprises individuals with different areas of experience, such as governance, investment, communications, and wide experience of pension schemes and defined contribution benefits. The selection of the directors has aimed to ensure a wide spread of experience through the Trustee board. This wide-ranging experience, together with the Scheme-specific ongoing training and development that is undertaken, and the use of appointed third party advisers on matters such as investment and legal matters, enables us to properly exercise our functions as the Trustee of the Scheme.

Nonetheless, there's always room for improvement and we continue with our programme of continuous professional development and training. The 2022 Trustee Knowledge and Understanding (TKU) self-assessment highlighted the need for ongoing support relating to the new ESG-related disclosure requirements, which was provided. The next TKU review is due to take place during Q2 / Q3 2024 and the next internal Trustee effectiveness review is scheduled for 2025.

6. Areas of governance specific to master trusts

Member and employer engagement

Members (and employers) are encouraged to contact the Scheme to express their views on any matters relating to the Scheme. The Scheme provides a range of communication channels for members.

It offers dedicated member and employer helplines which are available from 9am to 5pm, Monday to Friday. Typically, the member helpline will help members with queries relating to claims and transfers, accessing their accounts and general pension questions. The employer helpline will assist participating employers with auto enrolment, payroll and contribution queries. We also make available dedicated enquiry and claims email boxes, which are monitored regularly.

The member account www.smartpension.co.uk/member and contact us page https://www.smartpension.co.uk/contact-us includes a 'live chat' button to facilitate queries and comments and our new SAVA, a Smart Avatar Virtual Assistant (launched in Q2 2022) who can answer your questions at any time. The Scheme is integrated with Amazon's Alexa platform and Google's assistant. This means members can stay up to date with their pension account using a number of simple voice commands.

This approach provides an interactive way for our members to stay engaged with their account, wherever and whenever they want to. They can ask for a quick summary, find out how much their pension is worth or even increase their contribution percentage.

We also proactively canvass opinions through member surveys and forums, and during member webinars. A webinar was held on 6 & 7 June 2023 and a recording uploaded to YouTube on 9 June. A survey was issued to members afterwards to collate feedback. As a result, we are considering more frequent webinars or bite sized content that focuses on specific topics and at the options for live or delayed Q&A sessions as well as more detail on investment options.

The Smart Pension Master Trust solution is digital by design, and we publish a significant volume of detail on legislation, our Scheme processes and information, together with legislative updates on our website, which we think works well for our members.

We monitor usage to keep us informed about what our members are most interested in. We proactively solicit feedback on our website and via email.

The Scheme historically provided an automatic enrolment pension solution for smaller employers with relatively low-paid employees. Although changing, this profile still accounts for the majority of the membership of the Scheme and our contact touch points suggest a greater use of remote, electronic methods such as email, webchat, chatbots and take-up of our webinars. Based on this and on member feedback and uptake we think the range of ways that members are encouraged to share their views are appropriate for the size, nature and demographic of our members. These arrangements have been available throughout the Scheme Year.

We would be happy to address any queries or suggestions you may have. Please direct them to us using the details below:

Email: trustees@smartpension.co.uk

Via the website: www.smartpension.co.uk/contact-us

Post: The Trustee of the Smart Pension Master Trust
c/o Smart Pension Limited
The Smart Building, 136 George Street,
London W1H 5LD

We also further support to members via our Help Centre:

https://support.autoenrolment.co.uk/en/collections/3356288-member-support.

7. Appointment of non-affiliated Trustee directors

The legislative requirement is for the majority of the Trustee directors (including the Chair) to be non-affiliated. Non-affiliated means that the director is not a director, manager, partner or employee of Smart or any other undertakings which provide advisory, administration, investment or other services in respect of the Scheme (a service provider), and has not been for the last five years, receives no payment or other benefit from a service provider other than a payment in respect of their role as a Trustee director, and that the person's obligations to the service provider do not conflict with their obligations as a Trustee director and, if there were to be a conflict, that their obligations as a Trustee director will take priority.

During the Scheme Year all of the directors were non-affiliated, including one Trustee Director, Anna Eagles representing The Law Debenture Pension Trust Corporation p.l.c., who stepped down at the end of their appointed term as at 24 January 2023. To maintain the independence of the Trustee board, it is the intention that all, not just a majority of directors will continue to be non-affiliated (subject to any re-appointment processes).

The legislation requires a non-affiliated Trustee Director to be appointed by an open and transparent process. The appointment of a new Trustee would follow a rigorous recruitment process, including adverts for the vacancy, for example, in the pensions trade press and/or on LinkedIn to assist in the selection of candidates, and interviews with members of the Trustee board and the Scheme Funder (or their delegate). No Trustee Director was appointed in the period.

Please see the biographies of the Trustee Directors below for more details.

Andrew Cheseldine
for Capital Cranfield Pension Trustees Limited,
Chair of the Trustee

Date: 21 January 2024

Chair's statement
for the year ended 30 June 2023

Name	Representing	Affiliated to Smart?	Affiliation test / evidence?	Chair?	From	To
Andrew Cheseldine	Capital Cranfield Pension Trustees Limited	No	External independent professional Trustee company. Andrew did not undertake any other functions for Smart nor receive any payments other than in respect of acting as a director during the Scheme Year.	Yes	1 December 2014 (CCPTL appointment) 12 September 2017 (Andrew Cheseldine commencing as CCPTL representative) Re-appointment 30 June 2020	1 April 2020 1 April 2020 Present
Anna Eagles	The Law Debenture Pension Trust Corporation p.l.c.	No	External independent professional Trustee company. Anna did not undertake any other functions for Smart nor receive any payments other than in respect of acting as a director during the Scheme Year.	No	25 January 2018	24 January 2023
David Brown	N/A	No	Independently appointed individual director. David has not undertaken any other functions for Smart nor has he received any payments other than in respect of acting as a director during the Scheme Year.	No	15 October 2018	Present
Anna Darnley	N/A	No	Independently appointed individual director. Anna has not undertaken any other functions for Smart nor has she received any payments other than in respect of acting as a director during the Scheme Year.	No	25 September 2019	Present
Nikesh Patel	N/A	No	Independently appointed individual director. Nikesh has not undertaken any other functions for Smart nor has he received any payments other than in respect of acting as a director during the Scheme Year.	No	1 April 2021	Present

For all of the Trustee Directors in the above table we can confirm that they had no affiliation with Smart service providers during the Scheme Year.

Andrew Cheseldine

Chair of the board of the Trustee, representing Capital Cranfield Pension Trustees Limited

Andy Cheseldine joined the board in 2017. He's been named as one of the top 25 most influential investment consultants in the past five years – a testament to his reputation. Andy has over 35 years of experience in consulting on defined benefit (DB) and defined contribution (DC) pension schemes.

David Brown

Trustee director

David joined the Smart Pension Master Trust Board in October 2018. He is a Fully Accredited Professional Pension Trustee with a range of Board appointments.

David has over 35 years’ experience worldwide in the pension and investment industry, working as an operator and consultant. He has worked for two of the Big Four consulting firms and was the UK and ROI Pensions and Payroll Manager for Tesco. David is a Fellow of the Pensions Management Institute and Associate of the Chartered Insurance Institute. He is passionate about ESG and addressing the risks and opportunities arising from Climate Change. He holds the CFA Certificate in ESG Investing.

Anna Darnley

Trustee director

Before joining the Trustee Board in September 2019, Anna was a trustee of the Accenture Retirement Savings Plan (UK). She previously worked as a digital strategy consultant with Oliver Wyman specialising in the design, build and launch of digital banks and retail investment apps in East Asia. She currently works as a Senior Product Manager for a leading payments app. She brings this technological expertise to the Board, along with her passion for great member communications and re-engaging scheme members. In 2019, she was recognised as Trustee of the Year at the Professional Pensions Rising Star Awards.

Nikesh Patel

Trustee director

Nikesh Patel joined the board in 2021 and chairs our Investment Sub-Committee. He has nearly two decades of experience in consulting trustees and employers on defined benefit (DB) and defined contribution (DC) pension schemes on all investment matters, including an award-winning Chief Investment Officer for his role in managing assets for a number of pension funds in the UK. He has a keen interest in responsible investment, alongside a deep expertise in both public and private markets. He is an actuary in training and also a Trustee Director of the Church of England Pensions Board.

Appendix 1 – Illustrations of the effects of charges

The following tables show the potential impact over time of the costs and charges borne by members on projected values at retirement in today's money for typical members over a range of ages. All the illustrations share the following limitations:

- The illustrated values are estimates using assumed rates of future investment returns and inflation which may not be borne out in practice and are not guaranteed.
- The assumptions used in the illustrations may differ in the future to reflect changes in regulatory requirements or investment conditions.
- The illustrated values may be affected by future changes to the Fund's investment options.
- The growth assumption depends on how far members in the glide paths (also known as lifestyles) are from retirement as the funds used change over time.
- The illustrated values are not a guarantee and may not prove to be a good indication of how an individual member's savings might grow.
- The funds used are pooled funds and transaction costs may vary year on year and as the underlying funds change.

The funds illustrated below have been chosen such that an illustration has been provided for each of:

- The default funds for the S1/2, S3, S4, S5 and AMC 0.4 (all Smart Sustainable Growth Fund), S1/2, S3 and S4 (Smart Sustainable Core Fund), Barclays, ex-Tesco and Schroders members.
- The lowest charging self-select fund for S1/2, S3, S4, S5 and AMC 0.4 and Barclays funds: Smart Annuity Fund.
- The highest charging self-select fund for S1, S2, S3, S4, S5 and AMC 0.4 funds: Smart Sustainable Growth Plus Fund.
- The highest charging self-select fund for Barclays funds: Smart Sharia Fund.
- The lowest charging self-select ex-Tesco fund: Smart Pension (former Tesco MPS) Index-Linked Gilts Fund.
- The highest charging self-select ex-Tesco fund: Smart Pension (former Tesco MPS) Diversified Fund.
- The lowest charging self-select Schroders fund: Smart Schroders Retirement Focus Fund (Annuity).
- The highest charging self-select Schroders fund: Smart Schroders Islamic Global Equity Fund.

- Two different Smart Retire allocations of the four available funds, as detailed in the tables below, which are Flexible Income, Later Life, Rainy Day and Inheritance funds, including for the Schroders section.

You can identify your charges by logging into your account (https://id.autoenrolment.co.uk/employee/sign-in), going to the Investments page from the Dashboard and opening your 'Investment and charges information' page.

The assumptions used for all the illustrations in Tables 1 to 26 are shown in Tables 29 (growth assumptions) and 30 (other assumptions).

Table 1: Young member (currently 35 years from retirement) invested in the Smart Default Strategy

For a younger member in the Smart Default investment strategy, paying 5% employee contributions and receiving 3% employer contributions (i.e., in line with auto-enrolment minimum contributions).

Years to Retirement	Before Charges	After all charges are taken				
		S1/2	S3	S4	S5	AMC 0.4
35*	n/a	£570	£570	£570	£570	£570
30	£11,140	£10,812	£10,828	£11,037	£11,016	£10,994
25	£23,063	£22,038	£22,100	£22,644	£22,557	£22,466
20	£36,513	£34,423	£34,570	£35,514	£35,307	£35,094
15	£51,685	£48,108	£48,384	£49,785	£49,395	£48,993
10	£68,800	£63,235	£63,696	£65,609	£64,958	£64,290
5	£87,674	£79,597	£80,301	£82,772	£81,763	£80,755
3	£94,955	£85,833	£86,643	£89,329	£88,135	£87,002
1	£101,834	£91,689	£92,606	£95,496	£94,089	£92,847
0	£105,088	£94,446	£95,417	£98,404	£96,881	£95,594

*There are no charges at 35 years to retirement as this is the start point of the projections.

Table 2: Older member (currently 15 years from retirement) invested in the Smart Default Strategy

For an older member in the Smart Default investment strategy, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken				
		S1/2	S3	S4	S5	AMC 0.4
15*	n/a	£760	£760	£760	£760	£760
10	£10,598	£9,992	£10,007	£10,499	£10,478	£10,456
5	£21,596	£20,042	£20,099	£21,205	£21,119	£21,037
3	£26,131	£24,130	£24,211	£25,579	£25,448	£25,337
1	£30,641	£28,170	£28,279	£29,909	£29,720	£29,581
0	£32,866	£30,155	£30,279	£32,040	£31,816	£31,665

*There are no charges at 15 years to retirement as this is the start point of the projections.

Table 3: Young member (currently 35 years from retirement) invested in the Smart Default arrangement (Smart Sustainable Core)

For a younger member in the Smart Sustainable Core Default arrangement, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken		
		S1/2	S3	S4
35*	n/a	£570	£570	£570
30	£11,140	£10,839	£10,853	£11,063
25	£23,063	£22,148	£22,205	£22,750
20	£36,513	£34,683	£34,818	£35,766
15	£51,685	£48,597	£48,852	£50,262
10	£68,800	£64,051	£64,476	£66,407
5	£87,674	£80,824	£81,477	£83,976
3	£94,955	£87,196	£87,950	£90,669
1	£101,834	£93,155	£94,013	£96,938
0	£105,088	£95,949	£96,860	£99,882

*There are no charges at 35 years to retirement as this is the start point of the projections.

Table 4: Older member (currently 15 years from retirement) invested in the Smart Default Arrangement (Smart Sustainable Core)

For an older member in the Smart Sustainable Core Default arrangement, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken		
		S1/2	S3	S4
15*	n/a	£760	£760	£760
10	£10,598	£10,018	£10,031	£10,524
5	£21,596	£20,138	£20,190	£21,300
3	£26,131	£24,255	£24,330	£25,703
1	£30,641	£28,318	£28,420	£30,057
0	£32,866	£30,312	£30,429	£32,197

*There are no charges at 15 years to retirement as this is the start point of the projections.

Table 5: Young member (currently 35 years from retirement) invested in the Barclays Default arrangement

For a younger member in the Barclays Default arrangement, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charge	After all charges are taken
35*	n/a	£570
30	£10,582	£10,325
25	£20,842	£20,016
20	£31,353	£29,677
15	£42,124	£39,323
10	£53,160	£48,954
5	£64,468	£58,577
3	£69,068	£62,423
1	£73,714	£66,272
0	£76,054	£68,197

*There are no charges at 35 years to retirement as this is the start point of the projections.

Table 6: Older member (currently 15 years from retirement) invested in the Barclays Default arrangement

For an older member in the Barclays Default arrangement, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
15*	n/a	£760
10	£10,057	£9,652
5	£19,584	£18,495
3	£23,459	£22,024
1	£27,373	£25,551
0	£29,344	£27,314

*There are no charges at 15 years to retirement as this is the start point of the projections.

Table 7: Younger member (currently 35 years from retirement) invested in the ex-Tesco Default arrangement

For a younger member in the ex-Tesco Default arrangement, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
35*	n/a	£570
30	£10,970	£10,849

25	£22,370	£21,886
20	£34,866	£33,736
15	£48,390	£46,304
10	£62,604	£59,264
5	£77,566	£72,648
3	£83,861	£78,204
1	£88,814	£82,507
0	£90,526	£83,962

*There are no charges at 35 years to retirement as this is the start point of the projections.

Table 8: Older member (currently 15 years from retirement) invested in the ex-Tesco Default arrangement

For an older member in the ex-Tesco Default arrangement, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
15*	n/a	£760
10	£10,350	£10,239
5	£20,637	£20,213
3	£24,965	£24,354
1	£28,941	£28,132
0	£30,686	£29,784

*There are no charges at 15 years to retirement as this is the start point of the projections.

Table 9: Younger member (currently 35 years from retirement) invested in the Schroders Default arrangement

For a younger member in the Schroders Default arrangement, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
35*	n/a	£570
30	£11,140	£10,991
25	£23,063	£22,464
20	£36,513	£35,116
15	£51,685	£49,053
10	£68,800	£64,416
5	£88,106	£81,365
3	£96,140	£88,290
1	£102,979	£94,061
0	£105,867	£96,446

*There are no charges at 35 years to retirement as this is the start point of the projections.

Table 10: Older member (currently 15 years from retirement) invested in the Schroders Default arrangement

For an older member in the Schroders Default arrangement, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
15*	n/a	£760
10	£10,598	£10,463
5	£21,696	£21,157
3	£26,426	£25,641
1	£30,922	£29,859
0	£33,035	£31,825

*There are no charges at 15 years to retirement as this is the start point of the projections.

Table 11: Younger member (currently 35 years from retirement) invested in the Smart Annuity Fund – Lowest charging

For a younger member in the Smart Annuity Fund, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken					
		S1/2	S3	S4	S5	AMC 0.4	Barclays
35*	n/a	£570	£570	£570	£570	£570	£570
30	£11,140	£10,858	£10,872	£11,083	£11,054	£11,040	£10,943
25	£23,063	£22,223	£22,283	£22,829	£22,713	£22,653	£22,436
20	£36,513	£34,861	£35,002	£35,954	£35,678	£35,536	£35,219
15	£51,685	£48,934	£49,201	£50,619	£50,096	£49,826	£49,447
10	£68,800	£64,613	£65,060	£67,005	£66,128	£65,678	£65,287
5	£88,106	£82,088	£82,779	£85,313	£83,957	£83,262	£82,926
3	£96,504	£89,626	£90,436	£93,225	£91,635	£90,822	£90,531
1	£105,316	£97,498	£98,440	£101,495	£99,647	£98,702	£98,470
0	£109,884	£101,564	£102,578	£105,770	£103,782	£102,767	£102,569

*There are no charges at 35 years to retirement as this is the start point of the projections.

Table 12: Older member (currently 15 years from retirement) invested in the Smart Annuity Fund – Lowest charging

For an older member in the Smart Annuity Fund, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retireme nt	Before Charges	After all charges are taken					
		S1/2	S3	S4	S5	AMC 0.4	Barclays
15*	n/a	£760	£760	£760	£760	£760	£760
10	£10,598	£10,176	£10,049	£10,543	£10,515	£10,501	£10,242
5	£21,696	£20,619	£20,355	£21,474	£21,364	£21,307	£20,759
3	£26,524	£25,118	£24,800	£26,197	£26,036	£25,952	£25,288
1	£31,589	£29,812	£29,442	£31,135	£30,911	£30,795	£30,014
0	£34,215	£32,237	£31,841	£33,688	£33,427	£33,293	£32,454

*There are no charges at 15 years to retirement as this is the start point of the projections.

Table 13: Younger member (currently 35 years from retirement) invested in the Smart Sustainable Growth Plus Fund – Highest charging

For a younger member in the Smart Sustainable Growth Plus Fund, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken				
		S1/2	S3	S4	S5	AMC 0.4
35*	n/a	£570	£570	£570	£570	£570
30	£11,140	£10,757	£10,771	£10,980	£10,956	£10,938
25	£23,063	£21,816	£21,873	£22,413	£22,315	£22,242
20	£36,513	£33,900	£34,034	£34,968	£34,738	£34,566
15	£51,685	£47,126	£47,376	£48,755	£48,325	£48,003
10	£68,800	£61,609	£62,023	£63,897	£63,184	£62,652
5	£88,106	£77,472	£78,105	£80,525	£79,435	£78,624
3	£96,504	£84,234	£84,972	£87,624	£86,354	£85,409
1	£105,316	£91,247	£92,100	£94,995	£93,525	£92,433
0	£109,884	£94,850	£95,766	£98,785	£97,208	£96,037

*There are no charges at 35 years to retirement as this is the start point of the projections.

Table 14: Older member (currently 15 years from retirement) invested in the Smart Sustainable Growth Plus Fund – Highest charging

For an older member in the Smart Sustainable Growth Plus Fund, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken				
		S1/2	S3	S4	S5	AMC 0.4
15*	n/a	£760	£760	£760	£760	£760
10	£10,598	£9,940	£9,953	£10,444	£10,420	£10,402
5	£21,696	£19,923	£19,976	£21,078	£20,985	£20,915
3	£26,524	£24,170	£24,247	£25,618	£25,483	£25,381
1	£31,589	£28,570	£28,676	£30,332	£30,145	£30,004
0	£34,215	£30,830	£30,953	£32,756	£32,539	£32,377

*There are no charges at 15 years to retirement as this is the start point of the projections.

Table 15: Younger member (currently 35 years from retirement) invested in the Smart Sharia Fund – Highest charging for the Barclays Section.

For a younger member in the Smart Sharia Fund, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
35*	n/a	£570
30	£11,140	£10,842
25	£23,063	£22,030
20	£36,513	£34,261
15	£51,685	£47,641
10	£68,800	£62,285
5	£88,106	£78,316
3	£96,504	£85,145
1	£105,316	£92,226
0	£109,884	£95,864

*There are no charges at 15 years to retirement as this is the start point of the projections.

Table 16: Older member (currently 15 years from retirement) invested in the Smart Sharia Fund – Highest charging for the Barclays Section.

For an older member in the Smart Sharia Fund, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
15*	n/a	£760
10	£10,598	£10,146
5	£21,696	£20,378
3	£26,524	£24,733
1	£31,589	£29,245
0	£34,215	£31,564

*There are no charges at 35 years to retirement as this is the start point of the projections.

Table 17: Young member (currently 35 years from retirement) invested in the Smart Pension (former Tesco MPS) Index-Linked Gilts Fund – Lowest charging

For a younger member in the Smart Pension (former Tesco MPS) Index-Linked Gilts Fund, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
35*	n/a	£570
30	£11,140	£11,066
25	£23,063	£22,762
20	£36,513	£35,794
15	£51,685	£50,315
10	£68,800	£66,495
5	£88,106	£84,523
3	£96,504	£92,299
1	£105,316	£100,418
0	£109,884	£104,612

*There are no charges at 35 years to retirement as this is the start point of the projections.

Table 18: Older member (currently 15 years from retirement) invested in the Smart Pension (former Tesco MPS) Index-Linked Gilts Fund – Lowest charging

For an older member in the Smart Pension (former Tesco MPS) Index-Linked Gilts Fund, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
15*	n/a	£760
10	£10,598	£10,527
5	£21,696	£21,410
3	£26,524	£26,104
1	£31,589	£31,005
0	£34,215	£33,536

*There are no charges at 15 years to retirement as this is the start point of the projections.

Table 19: Younger member (currently 35 years from retirement) invested in the Smart Pension (former Tesco MPS) Diversified Fund – Highest charging

For a younger member in the Smart Pension (former Tesco MPS) Shariah Fund, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
35*	n/a	£570
30	£10,582	£10,441
25	£20,842	£20,300
20	£31,353	£30,148
15	£42,124	£39,984
10	£53,160	£49,809
5	£64,468	£59,622
3	£69,068	£63,544
1	£73,714	£67,464
0	£76,054	£69,424

*There are no charges at 35 years to retirement as this is the start point of the projections.

Table 20: Older member (currently 15 years from retirement) invested in the Smart Pension (former Tesco MPS) Diversified Fund – Highest charging

For an older member in the Smart Pension (former Tesco MPS) Shariah Fund, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
15*	n/a	£760
10	£10,057	£9,920
5	£19,584	£19,069
3	£23,459	£22,726
1	£27,373	£26,381
0	£29,344	£28,207

*There are no charges at 15 years to retirement as this is the start point of the projections

Table 21: Young member (currently 35 years from retirement) invested in the Smart Schroders Retirement Focus Fund (Annuity) – Lowest charging

For a younger member in the Smart Schroders Retirement Focus Fund (Annuity), paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
35*	n/a	£570
30	£11,140	£11,014
25	£23,063	£22,550
20	£36,513	£35,291
15	£51,685	£49,364
10	£68,800	£64,907
5	£88,106	£82,075
3	£96,504	£89,434
1	£105,316	£97,092
0	£109,884	£101,037

*There are no charges at 35 years to retirement as this is the start point of the projections.

Table 22: Older member (currently 15 years from retirement) invested in the Smart Schroders Retirement Focus Fund (Annuity) – Lowest charging

For an older member in the Smart Schroders Retirement Focus Fund (Annuity), paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
15*	n/a	£760
10	£10,598	£10,476
5	£21,696	£21,208
3	£26,524	£25,809
1	£31,589	£30,596
0	£34,215	£33,062

*There are no charges at 15 years to retirement as this is the start point of the projections.

Table 23: Younger member (currently 35 years from retirement) invested in the Smart Schroders Islamic Global Equity Fund – Highest charging

For a younger member in the Smart Schroders Islamic Global Equity Fund, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
35*	n/a	£570
30	£11,140	£10,994
25	£23,063	£22,466
20	£36,513	£35,094
15	£51,685	£48,993
10	£68,800	£64,290
5	£88,106	£81,128
3	£96,504	£88,328
1	£105,316	£95,810
0	£109,884	£99,660

*There are no charges at 35 years to retirement as this is the start point of the projections.

Table 24: Older member (currently 15 years from retirement) invested in the Smart Schroders Islamic Global Equity Fund – Highest charging

For an older member in the Smart Schroders Islamic Global Equity Fund, paying 5% employee contributions and receiving 3% employer contributions.

Years to Retirement	Before Charges	After all charges are taken
15*	n/a	£760
10	£10,598	£10,456
5	£21,696	£21,129
3	£26,524	£25,693
1	£31,589	£30,435
0	£34,215	£32,875

*There are no charges at 15 years to retirement as this is the start point of the projections

Table 25: Retiree (currently 66 years old) participating in Smart Retire based on current member allocations

For a retiree participating in the Smart Retire solution, with an initial fund of £60,000. It is assumed that the retiree takes £15,000 as an immediate cash lump sum and the remainder is invested in the Smart Retire solution with 60% in Smart Income, 5% Smart Annuity, 20% Smart Cash and 15% Smart Sustainable Growth Fund. For the purpose of the illustration, we have assumed the retiree draws 4% each year from their investment in the Smart Income fund only.

Years after Retirement	Before Charges	After all charges are taken
0*	n/a	£60,000
1	£44,174	£44,001
2	£43,315	£43,013
3	£42,458	£42,031
4	£41,605	£41,053
5	£40,754	£40,080

*There are no charges at retirement as this is the start point of the projections

Table 26: Retiree (currently 66 years old) participating in Smart Retire based on our default assumptions

For a retiree participating in the Smart Retire solution, with an initial fund of £20,000. It is assumed that the retiree takes £5,000 as an immediate cash lump sum and the remainder is invested in the Smart Retire solution with 50% in Smart Income, 25% Smart Annuity, 10% Smart Cash and 15% Smart Sustainable Growth Fund. For the purpose of the illustration, we have assumed the retiree draws 4% each year from their investment in the Smart Income fund only.

Years after Retirement	Before Charges	After all charges are taken
0*	n/a	£20,000
1	£14,887	£14,816
2	£14,751	£14,636
3	£14,617	£14,460
4	£14,486	£14,286
5	£14,358	£14,115

*There are no charges at retirement as this is the start point of the projections.

Table 27: Retiree (currently 66 years old) participating in Schroders Smart Retire based on current member allocations)

For a retiree participating in the Schroders Smart Retire solution, with an initial fund of £60,000. It is assumed that the retiree takes £15,000 as an immediate cash lump sum and the remainder is invested in the Smart Retire solution with 60% in Smart Schroders Cautious Growth Fund, 5% Smart Schroders Fixed Annuity Focus Fund, 20% Smart Schroders Cash Fund and 15% Smart Schroders Stable Growth Fund. For the purpose of the illustration, we have assumed the retiree draws 4% each year from their investment in the Flexible Income fund only.

Years after Retirement	Before Charges	After all charges are taken
0*	n/a	£60,000
1	£44,779	£44,631
2	£44,432	£44,157
3	£44,083	£43,679
4	£43,730	£43,196
5	£43,373	£42,709

*There are no charges at retirement as this is the start point of the projections

Table 28: Retiree (currently 66 years old) participating in Schroders Smart Retire based on our default assumptions

For a retiree participating in the Schroders Smart Retire solution, with an initial fund of £20,000. It is assumed that the retiree takes £5,000 as an immediate cash lump sum and the remainder is invested in the Smart Retire solution with 50% in Smart Schroders Cautious Growth Fund, 25% Smart Schroders Fixed Annuity Focus Fund, 10% Smart Schroders Cash Fund and 15% Smart Schroders Stable Growth Fund. For the purpose of the illustration, we have assumed the retiree draws 4% each year from their investment in the Flexible Income fund only.

Years after Retirement	Before Charges	After all charges are taken
0*	n/a	£20,000
1	£15,055	£15,008
2	£15,061	£14,972
3	£15,068	£14,937
4	£15,076	£14,902
5	£15,085	£14,868

*There are no charges at retirement as this is the start point of the projections.

Table 29: Growth Assumptions

We have used the following projected growth assumptions in preparing the illustrations (these are based on returns assumed for the Scheme's Statutory Money Purchase Illustrations and are shown before ongoing management charges and projected transaction costs are applied):

Fund	Gross return % p.a.	TER % p.a.						Transaction Cost % p.a.			
		S1/2 [1]	S3 [1]	S4	S5	AMC 0.4	Barclays [2]	S1/2/ Barclays/ AMC 0.4	S3	S4	S5
Smart Sustainable Growth	5.00	0.33	0.28	0.48	0.38	0.43	N/A	0.085 [3]	0.080	0.107	0.056
Smart Income	3.00	0.30	0.25	0.45	0.35	0.40	N/A	0.039 [3]	0.045	0.059	0.079
Smart Annuity	5.00	0.25	0.20	0.40	0.30	0.35	0.25	0.002	0.000	0.000	0.000
Smart Cash	1.00	0.25	0.20	0.40	0.30	0.35	N/A	0.018 [3]	0.018	0.022	0.039
Smart Sustainable Growth Core	5.00	0.25	0.20	0.40	0.30	0.35	N/A	0.068 [3]	0.068	0.068	0.068
Smart Sustainable Growth Plus	5.00	0.53	0.48	0.68	0.58	0.63	N/A	0.083 [3]	0.082	0.082	0.082

[1] The S1, S2 and S3 funds have an additional flat member charge of £1.75 p.m. incorporated into the after charges illustration figures.

[2] The Barclays funds have an additional flat member charge of £12 p.a. incorporated into the after charges illustration figures.

[3] Not applicable for Barclays members.

Where transaction costs are negative, we have assumed that they are equal to zero for prudence.

Fund	Gross return % p.a.	TER % p.a.	Transaction Cost % p.a.
Smart Pension (former Tesco MPS) Equity Fund	5.00	0.26	0.132
Smart Pension (former Tesco MPS) Nearly There Bond Fund	1.00	0.27	0.070
Smart Pension (former Tesco MPS) Diversified Fund	3.00	0.45	0.074
Smart Pension (former Tesco MPS) Cash Fund	1.00	0.22	0.000
Smart Pension (former Tesco MPS) Corporate Bond Fund	3.00	0.25	0.000
Smart Pension (former Tesco) Index-Linked Gilts Fund	5.00	0.17	0.088

Where transaction costs are negative, we have assumed that they are equal to zero for prudence.

Fund	Gross return % p.a.	TER % p.a.	Transaction Cost % p.a.
Barclays Wealth Global Markets 1	3.00	0.45	0.055
Barclays Wealth Global Markets 2	3.00	0.45	0.067
Barclays Wealth Global Markets 5	3.00	0.45	0.069
Smart Sharia Fund	5.00	0.58	0.048

Where transaction costs are negative, we have assumed that they are equal to zero for prudence.

Fund	Gross return % p.a.	TER % p.a.	Transaction Cost % p.a.
Smart Schroders Long Term Growth Fund	5.00	0.326	0.200
Smart Schroders Stable Growth Fund	5.00	0.308	0.190
Smart Schroders Cautious Growth Fund	5.00	0.288	0.200

Smart Schroders Retirement Focus Fund (Default)	3.00	0.261	0.190
Smart Schroders Islamic Global Equity Fund	5.00	0.465	0.050
Smart Schroders Retirement Focus Fund (Annuity)	5.00	0.212	0.230

Where transaction costs are negative, we have assumed that they are equal to zero for prudence.

Transaction costs

In providing these illustrations, transaction costs and charges were used as provided by the investment platform providers, Legal & General and Mobius, who collated this data from the underlying investment managers. A breakdown of the number of years that transaction cost data was available for is below. Transaction costs used are an average annual figure of the data available.

Fund type	Years of transaction cost data available
S1/2, S3, AMC 0.4*	5
S4 and ex-Tesco	4
Barclays	3
S5	2
Schroders	1

Where transaction costs are negative, we have assumed that they are equal to zero for prudence.
*except for the new Smart Sustainable Growth Core and Smart Sustainable Growth Plus funds which are new and only have one year of transaction cost data available

Table 30: Assumptions Summary

The following assumptions were used in providing the illustrations in Tables 1 to 18.

Assumption	Young Member (currently 35 years from retirement)	Older Member (currently 15 years from retirement)
Current pensionable earnings	£25,000	£23,200
Current pot size	£570	£760
Contribution rate	8%	8%
Investment returns	In line with those detailed in the 2022/23 SMPIs and above	
Inflation	2.5%	

Real pensionable earnings growth	0.0%	
Starting age	32	52
Retirement age	67	67

- Starting pots and pensionable earnings represent the average (medians) for those aged 32 and 52 years old in the Scheme, rounded as appropriate.
- The total ongoing contribution rate is assumed to be 8% of pensionable earnings, paying 5% employee contributions and receiving 3% employer contributions. This is reflective of the level of contributions for a 32-year-old member.
- Contributions are assumed to be paid every year with no contribution holidays.
- Inflation is assumed to be 2.5% per annum. Values are shown in real terms, and do not need to be further adjusted for inflation.
- The projected values are shown up to age 67. It is noted that some members will have a different retirement age.

Any differing assumptions for Smart Retire members in Table 29 and 30 are captured in their respective descriptions above.

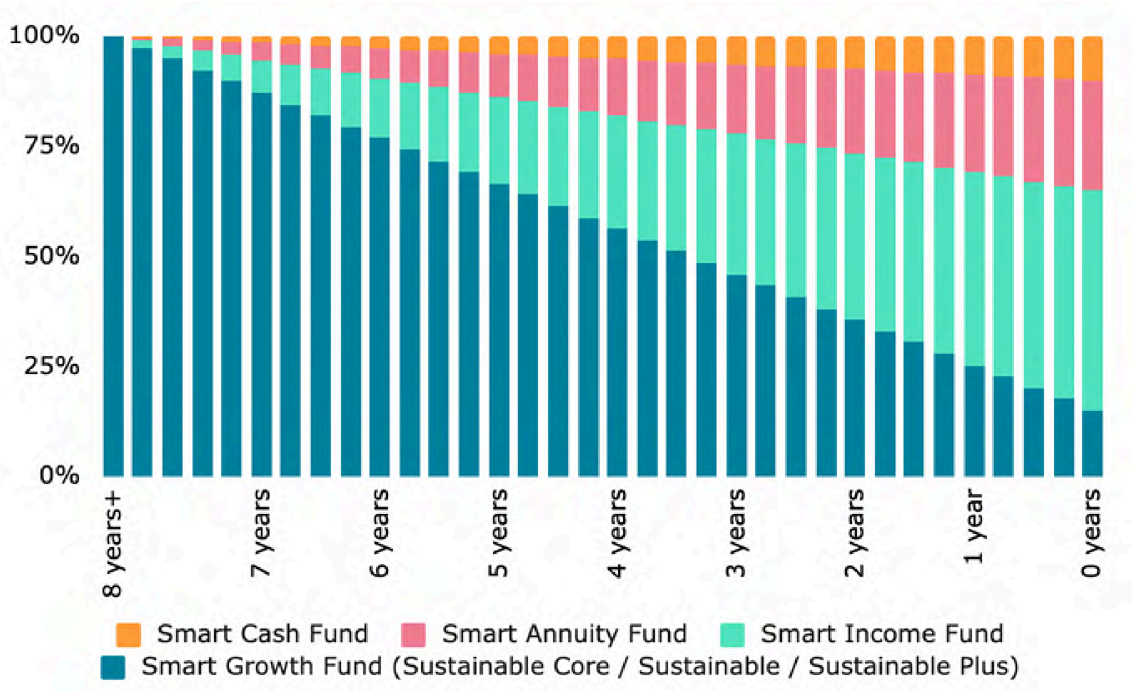
For all illustrations the member is assumed to be invested in the same fund throughout the projection period, except for glide paths where the asset allocation changes in line with the applicable glide path. The projected gross growth rates for each fund are shown above, based on returns assumed for the Scheme's Statutory Money Purchase Illustrations and are shown before ongoing management charges and transaction costs are applied.

Appendix 2 – Lifestyle strategies de-risking phase charts

The bar charts below show how we automatically move your monies into different investments as you get closer to your retirement age. The chart for the Smart default investment arrangement is also shown in Section 1 (from page 5). The Smart default investment arrangement is a lifestyle strategy. This section also shows the profiles for the alternative lifestage strategies available.

Default lifestyle: Targeting a flexible income (also known as income drawdown)

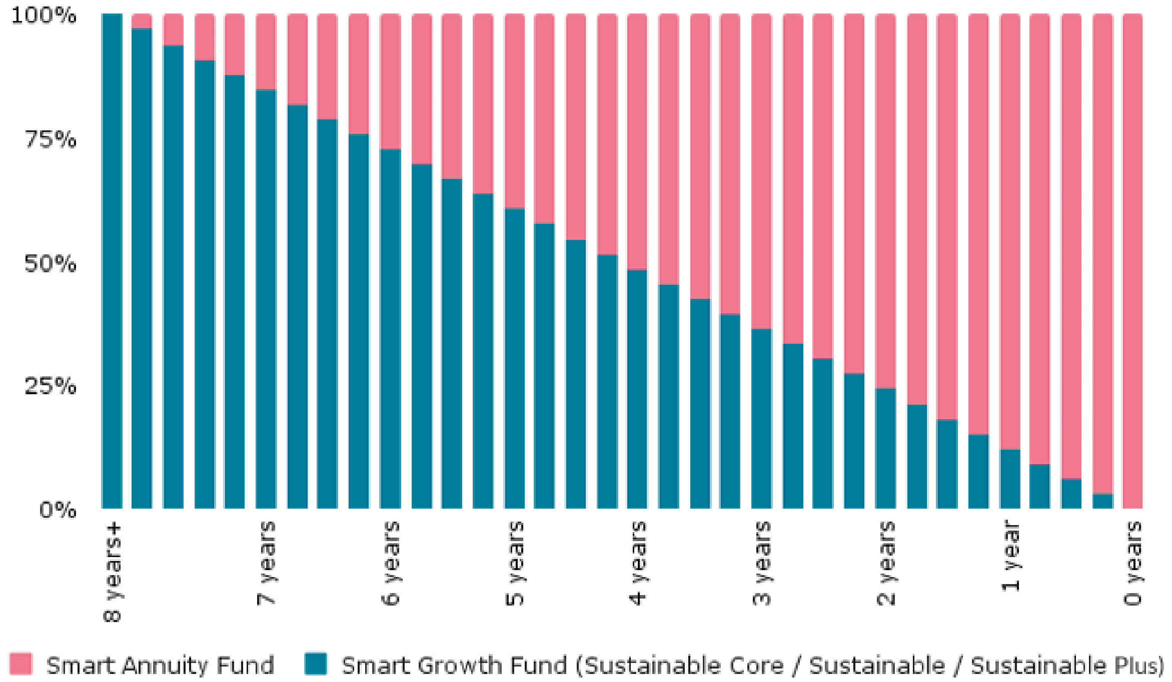
This is the Smart default target and strategy. If you are invested in this, your money will move in line with the bar chart below, with the Smart Sustainable Growth Fund as your growth phase, unless your investment guide says otherwise.



This strategy can also be used with either of the two other available Sustainable Growth funds; Smart Sustainable Core Fund and Smart Sustainable Growth Plus Fund, as shown in the chart.

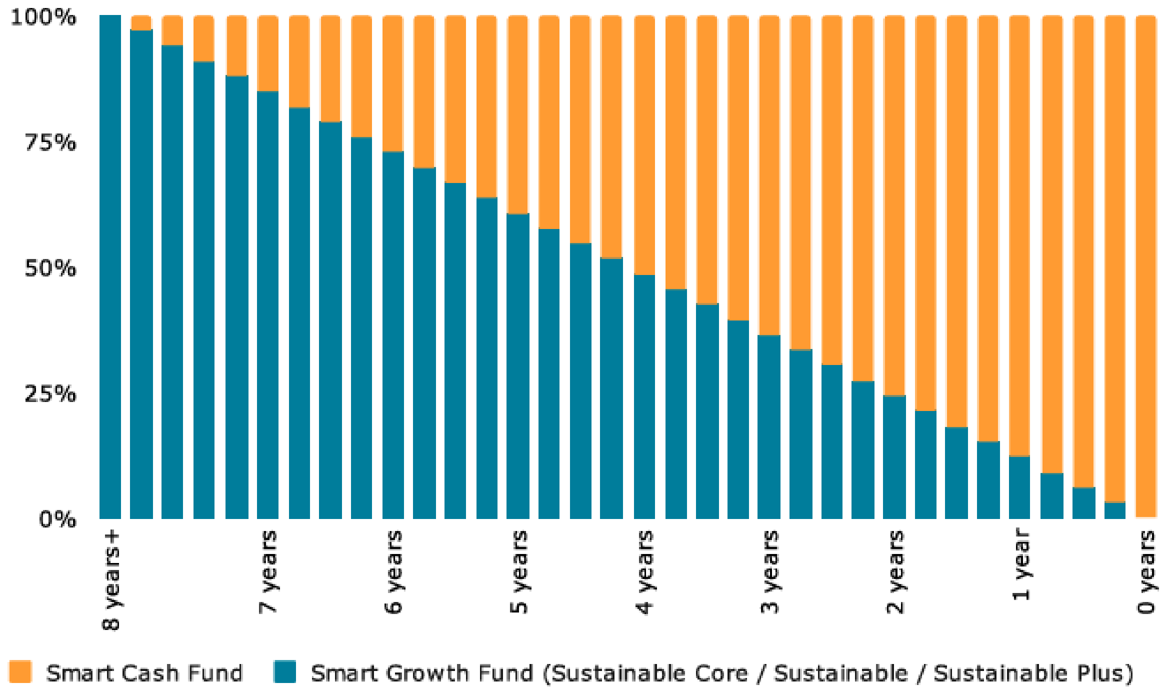
Alternative lifestyle: Targeting a guaranteed income (also known as an annuity)

You can choose to use this investment strategy with one of the growth funds . If your money is invested in this investment strategy, your money will move in line with the bar chart below.



Alternative lifestyle: Targeting cash

You can choose to use this investment strategy with one of the growth funds. If your money is invested in this investment strategy, your money will move in line with the bar chart below.



Appendix 3 – Statement of Investment Principles

Smart Pension Master Trust Statement of Investment Principles

September 2023

Contents

Introduction

This is the Statement of Investment Principles prepared by the Trustee of the Smart Pension Master Trust (the "Trust" / "Master Trust" / "Fund"). It replaces the statement dated December 2021. This statement sets down the principles which govern the decisions about investments that enable the Trust to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019

In preparing this statement the Trustee has obtained advice from Hymans Robertson LLP, the Trustee's investment consultants. Hymans Robertson is authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.

The Trust has been set up to service multiple employers. The Trustee has consulted with the nominated person, Smart Pension Limited, in the preparation of this statement and has complied with the employer consultation requirement. This body has been nominated by all employers to act as their representative in this regard.

The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement or the demographic profile of members.

The Trustee is solely responsible for the investment of the assets of the Master Trust, including decisions regarding the design and selection of the default strategy. The investment powers of the Trustee are set out in Rule 3 of the latest version of the Trust Deed. This statement is consistent with those powers. To assist in its decision making about investment, the Trustee established an Investment Sub-Committee with the objectives of:

- implementing and overseeing the Trustee's investment strategy within any guidelines set by the Trustee and the powers delegated to the sub-committee
- monitor compliance with the Statement of Investment Principles and recommend any changes to it by the Trustee.

The Investment Sub-Committee meets on a quarterly basis and reports to the Trustee Board at each quarterly Trustee meeting, and at other times as necessary.

For the majority of employers offering their pension arrangement through the Master Trust, employers delegate all the fiduciary and governance responsibilities to the Master Trust Trustee e.g. design/selection of the default arrangement and other investment funds. Therefore, members are offered a default fund and a range of self-select funds as selected by the Trustee and this does not differ between employers.

In some instances, employers wish to retain control over the investment strategy and receive their own advice. More details are provided in Section 1.3 Other default arrangements.

Statements of Investment Principles

To simplify this Statement of Investment Principles, the Statement is split into three sections covering different aspects of investments.

The Trustee's Statements of Investment Principles for the Trust contained in this document include the:

1. Statement of the aims and objectives for the default arrangement
2. Statement of the aims and objectives for investment options outside the default arrangement
3. Statement of investment beliefs, risks and policies

The Statement of Investment Principles for the Trust comprises items 1, 2 and 3.

The Statement of Investment Principles for the Scheme's default arrangement comprises items 1 and 3.

This statement was agreed by the Trustee and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the investment managers, and the Trust auditor and members of the Trust upon request.

The Trustee will publish an Implementation Statement each year from 1 October 2020 describing how these statements have been followed in the last year. This will be included within the Trustee's Report and Accounts.

Investment Policy Implementation Document

A. A separate Investment Policy Implementation Document ("IPID"), dated March 2023, sets out the details of the Scheme's investment arrangements, based on the principles set out in this SIP.

Appendix

The Appendix sets out an overview of the Trustee's policies in relation to the Trust's investments.

Approved by the Trustee of Smart Pension Master Trust

September 2023

1. Statement of the aims and objectives for the default arrangement

The Trustee's policy is to offer a suitable investment arrangement having regard to the characteristics of the Trust's membership. In doing so, the Trustee considers the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.

1.1 Reasons for the Default Arrangement

The Trustee is responsible for the design of the governed default investment options. The Trustee has decided that the Trust should have a default investment arrangement because:

- The Trust is a qualifying scheme for auto-enrolment purposes and so must have a default arrangement; and
- The Trustee is aware that many members of the Trust will either not wish to choose how their contributions are invested or do not have the confidence to make such investment decisions. Therefore, the availability of suitable default investment options for the Trust's members is key to the Trustee's investment approach.

1.2 The main default for new members

Choosing the main default arrangement

The Trustee believes that the lifestyle arrangement set out below represents a suitable default investment option for members who do not make a choice about how their contributions (and those made on their behalf by their employer) are invested, taking into account:

- Demographic profile;
- Likely benefit choices at retirement;
- The level of income in retirement that members are likely to need;
- Members' likely benefit choices at and into retirement;
- Investment risks;
- Expected return on investments;

- Realisation of investments; and
- Responsible investment, corporate governance and voting rights.

Objectives for the default arrangement

The Trustee has discussed key investment objectives for the Trust as well as the constraints the Trustee faces in achieving these objectives.

The Trustee's main investment aims, and objectives are:

- to provide a suitably governed default investment option that is likely to be suitable for a typical member who is expected to utilise drawdown at retirement;
- to maximise member outcomes;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the value of members' pension pots;
- to reduce the risk of the assets failing to meet projected retirement income levels.

The main default arrangement

The Trust focuses on pension provision to small to medium sized employers ("SMEs") and their employees. The expectation is that the majority of these members will partially access their retirement savings by taking a cash lump sum via pension freedoms and then use the balance for a mixture of income and protection in retirement. This expectation is reflected in the design of the Trust's retirement solution, Smart Retire and the approach for the default glidepath which transfers members' assets seamlessly into that solution.

In light of this consideration, the Trustee has adopted a default investment strategy that seeks to obtain a long-term, inflation-protected return through investment in equities, fixed-income and alternative assets funds whilst the member is considered in the growth accumulation phase of their saving journey. As they approach retirement, members begin to de-risk from higher risk assets and diversify into lower risk assets including government bonds and other fixed income products reflecting the underlying investment approach used to support Smart Retire. This de-risking journey begins 8 years prior to retirement (at 57 for a retirement age of 65).

The expected levels of investment returns (after the deduction of charges) and risks for the funds used are consistent with the Trustee's objectives for the default arrangement. The expected investment returns and approach to managing investment risks including financially material considerations such as climate change and nature and biodiversity loss are described in Section 3.

Given the Trust's focus on SMEs and the expectations about members intentions at retirement, the Trustee considers that their investment beliefs and policies (set out in full in Section 3 below) and their aims and objectives for the default arrangements are intended to ensure that the assets are invested in the best interest of the members.

Full details of the main default arrangement are given in IPID, in the section "Investment implementation for the default arrangement".

1.3 Other default arrangements

In some cases, an employer or third party may decide to offer its pension arrangement through the Master Trust. In addition, if your employer is actively involved in their pensions arrangement they may wish to take their own investment advice and retain the responsibility of setting a suitable investment strategy for their members, and reviewing this at least every three years.

The Master Trust Trustee retains ongoing responsibility to govern these arrangements in line with their fiduciary duty. As part of any proposed changes to the investment strategy, the Master Trust Trustee will be asked to approve these. **Full details of other default arrangements are given in the IPID, in the section "Investment implementation for the default arrangement".**

2. Statement of the aims and objectives for investment options outside the default arrangement

For Trust members that wish to make their own investment arrangements, a range of pooled "self-select" funds have been made available. The Trustee obtained and considered professional advice from its investment consultants in the selection of these funds.

2.1 Reasons for the investment options

In addition to the default arrangement, the Trust offers members a choice of investment options because members will have different attitudes to risk and different aims for accessing their retirement savings, and so it is not possible for a single default investment option to be suitable for all.

2.2 Choosing the investment options

Membership analysis

The Trustee believes that understanding the Trust's membership is important to maintaining an appropriate range of investment options and have taken into account a number of aspects including:

- Likely benefit choices at retirement
- The level of income in retirement that members are likely to need
- Members' likely benefit choices at and into retirement
- Investment risks
- Expected return on investments
- Realisation of investments
- The number of members who are likely to want responsible, ethical or faith-based investment
- The output from industry and other relevant surveys. For example, surveys on member choice generally suggest that:
    1. Too little choice is viewed negatively by members
    2. Too much choice can prove confusing and deter members from making decisions
    3. Some members will not regularly review their choices.

Costs of investment options

The investment costs are borne by members and so a balance needs to be struck between choice and costs.

2.3 Objectives for the alternative investment options

For members who wish to make their own investment asset allocation decisions, it is possible to personalise their investment arrangements in a number of ways. Members can choose to take lower or higher risk than the main default by selecting 'Smart Growth Fund – Lower Risk or 'Smart Growth Fund – Higher Risk.

The main objective of the alternative lifestyle options is to give good member outcomes. The alternative options are based on different levels of risk, thereby catering for members' differing risk appetites.

The Trustee believes that it is in the best interests of members in the alternative lifestyle options to offer an appropriate range of alternative investment options so that members who wish to make their own investment choices have the freedom to do so, recognising that members may have different needs and objectives.

Self-select funds

The objectives of the self-select fund range are to:

- Provide a choice of individual funds for members who want to be more closely involved in choosing their investments
- Provide a broader choice of levels of investment risk and return

- Provide a broader choice of investment approaches including responsible investing, ethical and faith-based funds
- Help members more closely tailor their investments to their individual needs

Nevertheless, the self-select fund range cannot be expected to cover all the investment needs of all members.

Risk and return

The expected levels of investment returns (after the deduction of charges) and risks for the funds used are consistent with the Trustee's objectives for these investment options. The expected investment returns and approach to managing investment risks including financially material considerations such as climate change and nature loss are described in Section 3.

Full details of the current investment options available outside of the default arrangement are given in the IPID, in the section "Investment implementation for the investment options outside the default arrangement".

3. Statement of investment beliefs, risks and policies

This Statement sets out the investment beliefs and policies which guide the Trustee's decision making.

3.1 Kinds of investments to be held

The Trust is able to invest in a wide range of assets including equities, bonds, cash, property and alternatives.

For Trust members that wish to make their own investment arrangements, a range of pooled "self-select" funds have been made available. The Trustee obtained and considered professional advice from its investment consultants in the selection of these funds. A due diligence exercise as part of this selection process ensures that the assets are invested with sufficient security and liquidity and that each of the funds is of the appropriate quality and calibre to ensure the quality and profitability of the assets.

3.2 The balance between different kinds of investment

The Trustee has made available different sections of the Trust to suit the varying requirements of the Trust's members and employers.

For Trust members, this includes offering a lifestyle arrangement, whereby a member's assets are automatically invested in line with a pre-determined strategy that changes as the member gets closer to accessing their retirement savings. Emphasis is placed on medium to higher risk funds (i.e. investment largely in growth assets) in search of long-term, inflation-protected growth whilst the member is a long way off accessing their retirement savings, switching progressively to "protection" assets over the years preceding the member's target retirement date so as to protect the retirement savings of the member relative to the way in which they are expected to access these savings.

Alternatively, it may be possible for Trust members to choose to invest in one or more of the funds used to construct the above lifestyle arrangement if they wish to make their own investment asset allocation decisions.

Where members do not choose where their contributions, and those made on their behalf by their employer, are invested, the Trustee will invest these contributions according to the default investment strategy set out in the relevant section in the IPID.

The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and the asset allocation may change as the membership profile evolves.

The Trustee considers the merits of both active and passive management and may select different approaches for different arrangements and asset classes.

3.3 Risks

Investment risk lies with the members themselves. However, the Trustee has considered a number of risks when making available suitable investment choices. Some of these risks will be more relevant to particular cohorts of members. The Trustee believes that the three principal investment risks most members will face are:

Risk	Description
Inflation risk	The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings. The Trustee makes available investment options that are expected to provide a long-term real rate of return.
Volatility	The risk that falls in fund values prior to retirement lead to a reduction in a member's retirement benefits. Funds investing in bonds or a mix of assets or investment techniques intended to manage short-term risks may be expected to be subject to lower levels of short-term fluctuations in values – although there may be occasions when this does not hold good.
Conversion risk	The risk that fluctuations in the value of assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the benefit amount likely to be received. In the lifestyle arrangement made available to

	members, the Trustee increases the proportion of assets that more closely match how it expects members to access their retirement savings.

Other investment risks

The Trustee believes that other investment risks members may face include:

Risk	Description
Retirement income risk	The risk that a member's retirement income falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid. The Trustee periodically reviews the appropriateness of the fund range offered to members to ensure member outcomes can be maximised.
Investment manager risk	The Trustee monitors the performance of the underlying investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The investment platform provider has a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
ESG including climate and nature risks	The risk that environmental, social and governance issues including climate change and nature and biodiversity loss will not be managed effectively in the portfolio, resulting in poor performance in individual investments and for the portfolio as a whole. The Trustee carefully reviews the approach of the underlying investment managers to ensure that they address ESG risks in the selection of investments and engagement with companies in their portfolios.
Concentration risk	This is the risk that the Fund has excessive exposure to a single institution or institutions that share a common risk factor, for example by operating in the same industry. Additionally, concentration risk can occur if the scheme has excessive exposure to individual asset classes or geographical regions. Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Currency risk	This is the risk of market loss as a result of adverse movements in foreign exchange rates. The Trust limits this risk and monitors the aggregate of these positions. The Trust may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.

Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud). The Trustee will also undertake a review of the internal controls and processes of each of the investment managers where necessary.
Counterparty risk	This risk arises when the Fund (or a fund manager appointed by the Trust) enters a financial contract with a third party which then fails, probably through default, to fulfil its obligations. The Trust controls this risk by setting an appropriately high minimum credit rating of counterparties it will transact with and limiting the exposure to any single counterparty. Investment Management Agreements with fund managers similarly contain provisions to limit counterparty risk to the Fund. In addition, when choosing which investment vehicles are appropriate for the scheme, the Trust considers the security of assets policy of the investment manager and of the underlying vehicles.
Liquidity risk	The risk that the investments of the Trust are held in assets that are not accessible in a timely manner. The Trustee ensures that investments are generally held in assets that are realisable at short notice. The Trustee holds 100% of its assets in investments with daily liquidity.

Managing risks

The Trustee has developed and maintained a framework for assessing the impact of all investment risks on long-term investment returns.

Time horizon

The Trustee monitors the age profile of the Master Trust's membership to arrive at an appropriate investment horizon for different groups of members when considering all investment and financially material risks:

- The Master Trust is potentially open to new members from age 16.
- As a result, given the likelihood of increases in retirement ages in the future, investment risks need to be considered over a multi-decade time horizon exceeding 50 years.
- A majority of members are expected to take income drawdown in retirement.
- As a result, investment risks for a majority of members who are approaching retirement, need to be considered over a time horizon in the range of 10-20 years; i.e. the period from retirement to when annuity rates may become attractive.
- Some members may choose to buy an annuity from age 55 and investment risks for this group need to be considered carefully. There may be a difference between the

member's time horizon and the time horizon for underlying investments which are expected to reflect the maturity profile (and interest rate sensitivity) of the assets backing an insurer's annuity business.

Principal investment risks

The default arrangement manages the three main investment risks as members grow older by automatically switching from funds which are expected to give long-term growth relative to inflation into funds whose values should fluctuate less in the short-term relative to the benefits members are expected to take at retirement.

The self-select fund range provides members with a choice of funds with differing risk and return characteristics which are expected to meet the investment needs of a majority of members.

Ability to invest/disinvest promptly and realisation of assets

The Trustee has delegated the responsibility for buying and selling investments to the investment managers. The Trustee expects that the investment platform provider and the fund managers will normally be able to sell the funds within a reasonable timescale. There may, however, be occasions where the investment platform or fund managers need to impose restrictions on the timing of sales and purchases of funds (most notably for funds investing in unlisted investments) in some market conditions to protect the interests of all investors in that fund.

Nevertheless, the Trustee has considered the risk of liquidity and recognises that most members' investments have a long investment timeframe, during which assets which are less easily traded (such as property or infrastructure) can be managed to deliver good long-term returns while avoiding the impact of liquidity issues at retirement.

The Trustee recognises that it is important that members' contributions can be invested promptly in selected investment funds, and that these can be sold promptly for example when members wish to change where they are invested, transfer to another arrangement or if they wish to draw on their pension pot. The Trustee manages this risk by selecting pooled investment funds which can be dealt on a daily basis. The platform provider is responsible for monitoring the ability for members to invest and disinvest promptly and is expected to notify the Trustee if a situation develops whereby there is any restriction on the ability for members to do so. For example, this situation could occur in the event of significant economic uncertainty impacting on the ability for fund managers to value the underlying assets.

Other investment risks

The Trustee manages the other investment risks as part of the process for selecting and ongoing monitoring of the funds used by the Master Trust.

The funds used give a good spread of investments which will help manage risks associated with market conditions, fund manager actions and default.

In accordance with its Responsible Investment Policy and Climate and Nature Policy, the Trustee has made explicit allowance for climate change and biodiversity loss within the development and implementation of its investment strategy. The Trustee has a stated belief, encapsulated in its Climate and Nature Policy, that climate change and biodiversity loss, and policies to address the negative impacts of these on the transition to a lower carbon future will have a material impact on the value of investments over the time horizon of its members' pension savings. Additionally, the interests of its members are best served if its investment strategy takes full account of the risks and opportunities related to climate and nature. As such, the Trustee discusses the potential impact of climate and nature risks with its adviser when reviewing the investment strategy, and with managers on a periodic basis, and invests in a number of specialist low carbon and biodiversity funds within the default investment strategy, as well as monitoring developments in this area including the availability of solutions to mitigate climate and nature-related risks.

3.4 Expected returns on investments

The Trustee has regard to the relative investment return and risk that each asset class is expected to provide. The Trustee is advised by their professional advisers on these matters, who they deem to be appropriately qualified experts.

The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation and charges when making decisions and comparisons.

Asset class	Expected long-term investment returns relative to inflation	Expected shorter– term volatility in fund values
Equities (i.e. company shares)	Strong return relative to inflation	Most volatile in the short-term
Property (e.g. offices, shops and warehouses)	Positive, but lower than equities	Lower than equities
Corporate Bonds (i.e. loan stocks issued by companies)	Positive, but lower than equities and property	Lower than equities or property
Fixed Interest Government Bonds (e.g. UK Gilts)	Positive, but lower than equities, property or corporate bonds	Lower than equities, property or corporate bonds
Index-Linked Government Bonds (e.g. UK Index-Linked Gilts	In line with inflation	Lower than equities, property or corporate bonds

Cash (and other short-term interest-bearing investments)	Return may not keep pace with inflation	Minimal with high degree (but not complete) of capital security

Having established the investment strategy, the Trustee monitors the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions. The Trustee meets the Trust's investment managers as frequently as is appropriate in order to review performance.

3.5 Realisation of investments

The Trustee has delegated the responsibility for buying and selling investments to the investment managers. The Trustee expects that the investment platform provider and the fund managers will normally be able to sell the funds within a reasonable timescale. There may, however, be occasions where the investment platform or fund managers need to impose restrictions on the timing of sales and purchases of funds (most notably for funds investing in unlisted investments) in some market conditions to protect the interests of all investors in that fund.

Nevertheless, the Trustee has considered the risk of liquidity and recognises that most members' investments have a long investment timeframe, during which assets which are less easily traded (such as property or infrastructure) can be managed to deliver good long-term returns while avoiding the impact of liquidity issues at retirement.

3.6 Financially material considerations

Given the Trust uses pooled funds, the Trustee has delegated day to day investment decisions including the management of financially material considerations to the fund managers.

The Trustee recognises that the ongoing consideration of financially material considerations, including ESG factors including climate and nature risks, are relevant to the development, selection and monitoring of the Master Trust's investment options. The Trustee has developed a separate policy on Responsible Investment issues and also a separate Climate and Nature Policy which they actively take into account in terms of the monitoring and selection of investment managers and funds. The Trustee expects that the fund managers will have members' financial interests as their first priority when choosing investments.

Responsible Investment and Climate and Nature Policies

The Trustee strongly believes that the interests of its members are best served if its investment strategy is implemented in a sustainable and responsible manner, carefully taking account of ESG including climate and nature issues in investment decisions. Therefore, its approach is to ensure effective and integrated management of these ESG risks and opportunities, to support the Trustee's desire to protect and enhance value of its member assets over the long term and explore how to engage with its members to understand any specific ESG,climate and nature issues that they want to see reflected in the investment strategy. The Trustee's full Responsible Investment Policy is available here, and its Climate and Nature Policy is available here.

3.7 Policy on illiquid asset investment

Investments held for the purposes of the main default arrangement include investments in illiquid assets. These illiquid assets are:

- held throughout the glide path, but predominantly held in the growth phases of the glide paths, i.e. 8+ years from a member's retirement date, with a small allocation held until retirement. A typical retirement age for members is age 65;
- held via a collective investment scheme;
- private credit investments; and
- held because of their expected strong risk and return characteristics, particularly versus liquid credit investments.

The Trustee is planning to increase their investment in illiquid assets, noting that this is subject to the required analysis and sign-off processes, including advice from their investment advisers.

3.8 Implementation

The Trust uses standard pooled funds offered by investment platform providers and fund managers. This gives access to a range of funds while keeping down costs to members, but means that the Trustee cannot adopt an approach to managing financially material considerations specific to the Trust. However, as outlined in the bullet points below, the Trustee nevertheless seeks to manage financially material considerations to protect long-term returns by:

- Choosing fund managers who have clearly articulated policies for managing financially material considerations. Managers are expected to have policies in place that cover issues relating to climate change, no fossil fuel expansion and eliminating commodity-driven deforestation.
- For actively managed funds (where the fund manager decides where to invest), expecting the fund managers to take financially material considerations into account when selecting which companies and markets to invest in.
- For passively managed funds, the Trustee recognises that the funds' objectives are to deliver returns in line with its benchmark which take into account ESG including climate and biodiversity factors), which the Trustee believes will deliver appropriate risk adjusted returns.

- Utilising a robust and credible approach to evaluating companies' performance on environmental, social and governance issues, both in terms of management of ESG risk and identification of opportunities arising from future responsible investment trends.
- In particular, taking account of climate and nature-related risks and opportunities in investment strategy.
- Engaging with the companies in their portfolio in order to reduce the negative environmental and social impact of their activities and enhance the positive; and
- Actively looking to exclude investments in companies that:
    1. are involved in the manufacturing of controversial weapons (chemical weapons, biological weapons, nuclear weapons, anti-personnel mines and cluster munitions);
    2. derive the majority of their revenues from coal mining;
    3. violate the UN Global Compact standards on human rights, labour, the environment and corruption for three years or longer.

3.9 Non-financial factors

The Trustee recognises that a number of members will have strong personal views or religious convictions that influence where they believe their savings should, or should not, be invested.

The Trustee continues to seek opportunities to actively engage with members to understand the issues that are of particular interest and concern. Member complaints and feedback on all pension schemes matters, including investments, are shared with the Trustee on a regular basis. Among other things this helps to inform the Responsible Investment policy and its effect on the investment strategy.

The Trust offers a choice of ethical, environmental and faith-based funds for members who are likely to hold stronger views in these areas than the majority of members.

The Trustee notes that non-financial factors can affect various investment risks which are borne by members and may under-perform other funds with broader-based investment approaches.

Fund managers are otherwise only expected to take non-financial factors into account when these do not conflict with the financial interests of members and the Scheme's investment objectives.

3.10 Stewardship

The Trustee recognises that stewardship encompasses the exercise of voting rights, engagement by and with investment platforms and fund managers and the monitoring of compliance with agreed policies.

The Master Trust offers members the default arrangements and a choice of alternative lifestyle options and self-select funds. The Trustee's stewardship activities are focused on the main default arrangement which is used by the largest number of members and accounts for the majority of the Master Trust assets.

Members' financial interests

The Trustee expects that the investment platform provider and fund managers will have the members' financial interests as their first priority when choosing investments.

Voting and engagement

The Trustee believes that engagement with the companies in which the Trust invests, including the proactive use of shareholder voting rights, can improve the longer-term returns on the Trust's investments. The Trustee has a Voting and Engagement Policy, available here, which provides further information on the Trustee's approach to voting and engagement. This policy is provided to all investment managers used by the Scheme.

Whilst the investments are held in pooled funds, and the Trustee does not therefore have any equity voting rights or the ability to engage directly with equity and debt issuers, the Trustee will review and engage with investment managers on their stewardship, particularly on the priority topics highlighted in the policy above.

The Trustee believes it is appropriate to actively encourage the fund managers directly or through the platform provider to engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to improve corporate behaviours, improve performance and mitigate financial risks. The Trustee expects the investment platform provider to adopt similar practices with regards to the inclusion and ongoing oversight of fund managers on their platform.

The Trustee also expects the platform provider to be able to evidence their own governance practices on request, as well as monitor adherence of their investment managers to stated voting and engagement policies, engaging with managers where concerns are identified.

Monitoring

The Trustee aims to meet with all fund managers of the main default growth fund and providers of third party arrangements on an annual basis. The Trustee will provide the fund managers with an agenda for discussion, including as appropriate relevant matters relating to performance, strategy, risks, conflicts of interest, individual holdings and ESG considerations including climate and nature issues. Managers are challenged both directly by the Trustee and by their investment advisers on the impact of any significant issues including, where appropriate, ESG issues that may affect the prospects for return from the portfolio, as well as backwards and forward looking voting activity, as detailed above.

The Responsible Investment, Climate and Nature and Voting and Engagement Policies provide further detail on the areas in which the Trustee monitors and engages with investment managers.

3.11 Structure of the investment arrangements

The Master Trust invests contributions for members through an investment platform provider. Contributions buy units in the provider's funds. The provider in turn backs the value of its funds by buying units in funds from a selection of fund managers where investments are pooled with other investors. This enables the Master Trust to invest in a range of funds giving a good spread of investments in a cost-effective manner.

The Master Trust's asset, and the Trustee's contract with the provider, is the policy of insurance issued by the provider. As a result, the Trustee does not have any contractual arrangement with the investment managers or title to the underlying funds' assets.

Delegation of investment decisions

The investment of contributions through the provider's investment platform means that the Trustee has delegated day to day investment decisions including the management of financially material considerations to the provider, who has in turn delegated these investment decisions to the investment managers. Part of an investment manager's day to day responsibilities include consideration, where relevant, of the capital structure of investments and the appropriateness of any investment made. Where managers are investing in new issuance, the Trustee requires the investment manager to engage with the issuer about the terms on which capital is issued and the potential impact on the rights of new and existing investors.

Selection of funds

The Trustee will invest in funds on the provider's platform which in turn invest in the investment managers' pooled funds. The objectives of the funds and the policies of the investment managers will be evaluated by the Trustee to ensure that they are appropriate for the needs of the Master Trust.

The Trustee's choice of funds, and hence choice of approaches to aspects such as responsible investment and shareholder engagement, are constrained by the choice of funds available on the provider's platform. While the Trustee will endeavour as far as possible to select a platform provider and funds on that provider's platform which are consistent with the Master Trust's investment objectives and the Trustee's investment beliefs, this needs to be balanced against the wider benefits of access to the other funds on the platform and the other services from the platform provider as well as taking into consideration the costs of change to the Master Trust and its members.

The Trustee will seek to engage with the platform provider to obtain funds which meet the Trustee's investment beliefs, and are expected to improve outcomes for members, but this is subject to being commercially viable for the provider and consistent with the charge cap for the default arrangements. The Trustee expects the provider to encourage the investment managers to adopt appropriate practices for responsible investment and shareholder engagement.

The Trustee will periodically review the choice of platform provider, at which time the suitability of the provider's fund range and effectiveness of its governance of the investment managers on its platform will be key criteria.

Manager incentives

The basis of remuneration of the investment managers by the platform provider may be subject to commercial confidentiality, however, the Trustee will seek transparency of all costs and charges borne by members. Nevertheless, the Trustee expects that it will be in the interests of both the platform provider and the investment managers on the provider's platform to produce growth in asset values in line with the funds' investment objectives. For passively managed funds this should be within an acceptable margin of the index the fund tracks. For actively managed funds the investment return should be commensurate with the level of investment risk implied by the fund's objectives.

The Trustee expects, where possible, that the investment managers will make decisions based on assessments about medium to long-term, financial and non-financial performance of an issuer of debt or equity. The Trustee acknowledges that investment managers for passively managed funds are restricted to invest in a manner consistent with a specific benchmark index and so they are not responsible for day to day selection of shares or securities. The Trustee also expects investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

When selecting funds, the Trustee will ask their investment advisor to consider the investment managers' remuneration strategies and appropriateness of each fund's investment guidelines to ensure that there is no inducement or scope to take an undue level of risk and that the investment managers will act in line with the interests of the Master Trust's members.

In accordance with the 2015 Regulations, the Trustee conducts an annual Value for Members assessment and will take action should the provider be found to be giving poor value. In addition, in accordance with guidance from the Pensions Regulator, the Trustee will periodically review the Master Trust's choice of provider to ensure their charges and services remain competitive. The Trustee believes that these steps are the most effective way of incentivising the provider to deliver Value for Members, of which investment management charges and investment performance are key considerations.

The Trustee also undertakes a review at least every three years in which the appropriateness of the investment options at which time the suitability of the Master Trust's investment management arrangements are also considered.

The Trustee monitors the investment managers on a quarterly basis over rolling time horizons of up to 5 years, and believes this approach is consistent with determining whether the investment manager is making decisions based on an appropriate time horizon. As part of their monitoring process, the Trustee will consider the following information:

- performance of their funds’ respective benchmarks or performance targets
- relative tracking error where appropriate
- non-financial matters, including the exercise of stewardship responsibilities (along with engagement with issuers)
- whether the investment manager is investing in a manner consistent with the stated objectives of the fund, including types of investments to be held and dealing requirements
- the management of risks

The platform provider or investment managers are expected to provide explanations for any significant divergence from a fund’s objectives. A material deviation from performance and risk targets or approach to portfolio management is likely to result in the fund being formally reviewed.

Portfolio turnover

The Trustee does not expect investment managers to take excessive short-term risk and will monitor the investment manager’s performance against the benchmarks and objectives on a short, medium and long terms basis.

For passively managed funds the turnover of holdings is driven by changes in the index a fund seeks to track and hence is outside the control of the investment manager except where a fund’s total assets under management are relatively small where the investment manager does not fully replicate the index or where a fund invests in less liquid stocks.

When selecting actively managed funds, the Trustee will consider, with the help of their investment advisers, the expected level of turnover commensurate with a fund’s investment objectives, the investment manager’s investment processes and the nature of the fund’s assets.

Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee will ask the investment platform provider or investment managers on the platform to report on at least an annual basis on the underlying assets held within fund with details of any transactions and turnover costs incurred over the Trust’s reporting year. The Trustee will seek to compare portfolio turnover and the resultant costs against peer groups or portfolio turnover and costs for an appropriate index.

Where a fund has significantly under or outperformed its benchmark, the Trustee will seek to ascertain where necessary whether higher or lower than normal turnover has been a contributory factor. The Trustee will challenge the platform provider and/or investment managers if there is a sudden change in portfolio turnover or if the level of turnover seems excessive.

Portfolio duration

The Trustee recognises the long-term nature of defined contribution pension investments and chooses funds which are expected to deliver sustainable returns over the Master Trust members' investment horizon. The Trustee will carry out necessary due diligence on the underlying investment decision making process, to ensure the manager makes investment decisions over an appropriate time horizon aligned with the objectives for the related investment option.

The Trustee expects that each fund will be used for at least three years, this being the period over which performance of the fund can be appropriately evaluated and the costs of change amortised, although all funds are subject to ongoing review against various financial and non-financial metrics in addition to their continued appropriateness within the investment strategy.

Balance of investments

The Trustee reviews the nature of the Master Trust's investment options on a regular basis, with particular reference to suitability and diversification. The Trustee considers written advice from a suitably qualified person when determining the appropriateness of each investment manager and fund for the Master Trust, particularly in relation to diversification, risk, expected return and liquidity.

Overall, the Trustee's intention is that the Master Trust's investment options:

- provide a balance of investments
- are appropriate for managing the risks typically faced by members

Security of assets

The funds offered to members are provided through a policy of insurance issued to the Trustee. As a result, the value of members' funds may be affected in the event of the provider getting into financial difficulties. The Trustee has considered the financial strength of the providers and believes that it offers members a high degree of security. This position will be kept under review on a regular basis. As part of the process to become an authorised Master Trust, Smart Pension had to fulfil very stringent requirements, including in relation to financial stability, and the Trustee draws comfort from the fact that the Master Trust is now fully authorised by the Pensions Regulator.

The underlying funds used by the provider's platform are accessed through a variety of different investment structures and are managed by a range of different fund managers. In the unlikely event of a fund manager getting into financial difficulties, the values in these underlying funds will depend upon the nature of the contract between Smart Pension and the fund vehicles used by the fund managers' funds. The Trustee has reviewed the structure of the funds offered to members and is comfortable that the structure is appropriate when compared with other options available in the market.

For the record

The Trustee obtains and considers proper advice from suitably experienced and qualified persons when choosing investments and preparing the Statement of Investment Principles.

Funds are chosen by the Trustee to give an expected level of return with an appropriate level of investment risk which meets the objectives of each default arrangement and other investment options.

The funds used at each stage of the default arrangement and the alternative lifestyle options are intended to deliver good member outcomes at retirement from an appropriate balance of investment growth relative to inflation and the then pertinent investment risks.

The investment platform uses a life insurance company based legal vehicle for its funds. The fund managers used by the platform use a variety of different legal vehicles for their funds. The funds may invest in quoted and unquoted securities traded in regulated UK and overseas markets:

- equities (company shares, including of investment trusts)
- fixed interest and index-linked bonds issued by governments and companies
- cash and other short-term interest bearing deposits
- commercial and residential property
- illiquid assets including infrastructure, forestry, private equity and private debt
- commodities through collective investment vehicles
- derivatives to facilitate changes in where funds are invested or to help control investment risks

Funds provided through a life insurance company must comply with the Financial Conduct Authority ("FCA") "Permitted Links" rules, which place limits on the degree of leverage a fund can use. Fund managers using other fund vehicles subject to the European "UCITS IV" and the FCA's "Non-UCITS" regulations have to meet requirements on the security and concentrations of assets. Exchange Traded Funds may be used directly or indirectly to gain access to less easily traded and illiquid asset classes.

Subject to the funds' benchmarks and guidelines, the fund managers are given full discretion over the choice of securities and, for multi-asset funds, choice of asset classes. Fund managers are expected to maintain well-diversified and suitably liquid portfolios of investments.

The Trustee considers that these types of investments are suitable for the Trust. The Trustee is satisfied that the funds used by the Scheme provide adequate diversification both within and across different asset classes.

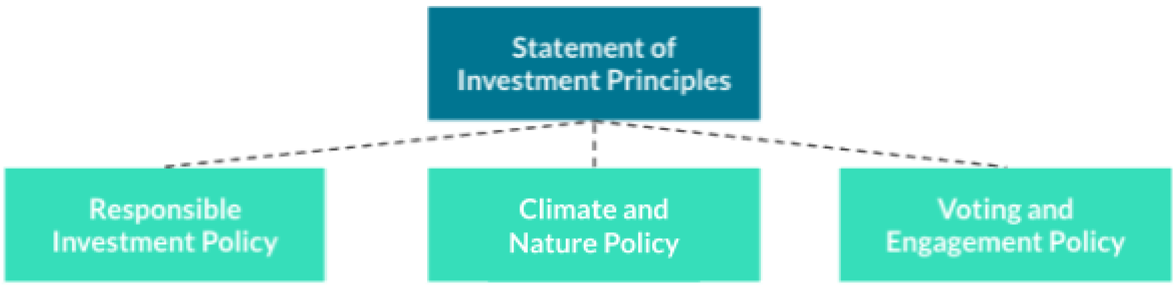
Appendix

Trustee investment policy overview

The Trustee has the following policy documents in relation to investments in place:

- Responsible Investment Policy
- Climate and Nature Policy
- Voting and Engagement Policy

These policies are summarised and referred to within this Statement of Investment Principles, as shown below.



Appendix 4 – Implementation Statement

Smart Pension Master Trust

Implementation Statement

for the year ending 30 June 2023

Welcome to our Statement of how we implemented the policies and practices in the Smart Pension Master Trust (the "Scheme") Statement of Investment Principles during the year ending 30 June 2023 (the "Scheme Year").

Why do the Scheme's investments matter to me?

The Scheme provides you with benefits on a defined contribution ("DC") basis (sometimes called money purchase benefits). This means that the size of the benefits paid to you when you retire will depend on how much the funds where your savings are invested grow over the years.

What is the Statement of Investment Principles ("SIP")?

The SIP sets out the investment principles and practices we follow when governing the Scheme's investments. It describes the rationale for the investment options which you can choose (including the default arrangement if you don't make a choice), explains the risks and expected returns of the funds used and our approach to responsible investing (including climate change).

The last review of the Scheme's SIP was completed on 29 June 2023, at the Trustee meeting, and the next review will take place no later than 29 June 2024.

The following changes were made to the SIP during the last Scheme Year:

- Include details on the revised Climate and Nature Policy, including ceasing fossil fuel expansion and deforestation.
- Updates to reflect changes in our investment strategy, including our new three growth fund structures for our investment arrangements based on differing levels of active management and impact investing

If you want to find out more, you can find a copy of the Scheme's SIP (and the Scheme's Chair Statement) at www.smartpension.co.uk/governance/scheme-governance

Chair’s statement
for the year ended 30 June 2023

What is this Implementation Statement for?

The Implementation Statement sets out how we have complied with the Scheme’s SIP during the last Scheme Year. The Implementation Statement will cover our review of the SIP, with an explanation of any changes made and describe the voting behaviour of our asset managers. It is the Trustee’s view that the policies in the SIP have been followed during the Scheme Year.

How the Scheme’s investments are governed

As Trustee, we have overall responsibility for how the Scheme’s investments are governed and managed in accordance with the Scheme’s Trust Deed and Rules as well as Trust Law, Pensions Law and Pension Regulations.

We have an established Investment Sub-Committee which focuses on investment issues and makes recommendations to the full Trustee Board.

The following changes to the Trustee and the governance processes were made during the last year:

- Trustee Anna Eagles, representing Law Debenture and appointed as a Trustee in January 2018, stepped down as a Trustee in January 2023, as her term had ended.
- The Investment Sub-Committee Terms of Reference were reviewed and updated at the 29 June 2023 meeting. The changes gave the Investment Sub-Committee further delegation with regards to changes which do not require updates to the Statement of Investment Principles, as well as adding the objective of delivering key investment governance documentation.

Full Board meetings were held every quarter.

We have delegated day-to-day investment decisions, such as which underlying investments to buy and sell, to Legal & General Investment Management (“LGIM”) and Mobius Life, our investment platform providers , as well as to LGIM, Schroders, HSBC, J.P. Morgan, MV Credit, Mirova, AXA and Barclays (as investment fund managers).

We undertook the following during the last Scheme Year to ensure that our knowledge of investment matters remains up to date:

- The Investment Sub-Committee met four times;
- Investment issues are a standing agenda item on all quarterly meetings and a feature of many of the other meetings held in the year;
- Held a workshop with Pensions for Purpose to cover impact investing monitoring and oversight;
- Added a horizon scan/lessons learned standing item to the agenda, with input from Hymans Robertson as the Trustee’s investment adviser;

- Discussed thought pieces presented by the Smart Pension investments team, on areas such as currency hedging and exclusions;
- Received investment training on climate disclosures, nature-related risks and deforestation, wider sustainability at Smart, conflict management, and equality, diversity and inclusion. On an annual basis a review against a skills matrix is undertaken, and a plan agreed with regard to training over the year. A reading room is also available to the Trustee where relevant industry publications and surveys are stored to support learning; and
- Reviewed the performance and ongoing suitability of the investment fund range.

We monitor how well our investment advisers meet the objectives agreed with them. The following objectives for the investment advisers remain in place:

- Deliver an investment approach for the default option that maximises risk-adjusted real returns for members and reflects members’ likely benefit choices at retirement, reflects our beliefs and is agreeable to the Scheme strategist. We note that the concept of risk can change throughout a member’s career;
- Provide advice in relation to the self-select range that incorporates sufficient choice for members to meet their own needs in terms of investment return, investment risk and retirement choices, reflecting member feedback where relevant;
- Provide advice on cost-efficient implementation of new strategies as required;
- Develop our knowledge and understanding of investment matters;
- Provide services to support our ongoing governance that are proportionate and competitive in terms of costs relative to their peer group;
- Provide relevant and timely advice that reflects our own policies and beliefs, including those in relation to responsible investment;
- Ensure their advice complies with relevant pensions regulations, legislation and supporting guidance.

We have also established measures to judge the performance of our investment advisers on an annual basis and review the appropriateness of the objectives. The objectives were reviewed over the Scheme year and remain suitable.

Hymans continues to provide good service with their experience in the industry, proactivity and established working relationship with the Trustee and Smart Pension team. The Regulatory and Governance Team supports these observations, that the relationship is strong and Hymans have been willing to support a range of work as needs have evolved. The investment adviser also attended all Investment-Sub Committee meetings and provided updates on the investments and appropriateness of the new funds proposed. The Trustee obtained and considered advice from their investment adviser during the Scheme Year when new investments were chosen.

How the default arrangements and other investment options are managed

The objectives and rationale are set out in the SIP on pages 4 to 6 for the default arrangements and for the other investment options on pages 6 to 7.

Over the Scheme year, we carried out a review of the default arrangement and other investment options, with input from Hymans to ensure they remain suitable for most members. Hymans also carried out their annual suitability assessment of all the investments in November 2022, which confirmed that the arrangements, including the changes outlined below were suitable for members of the Scheme. This review involved:

- Ensuring that the default arrangement complies with the charge cap;
- Monitoring the investment performance of each fund; and
- Considering whether the funds still meet the investment objectives we have set for the default arrangement and other investment options.

As mentioned, with support from our advisors we reviewed the ongoing suitability of the default arrangement. A 10% allocation was made to the Mirova Global Green Bond Fund and 3% to the AXA Biodiversity Fund in September 2022 and 20% of the equities were allocated to the JP Morgan Climate Transition Fund in January 2023. There is an ongoing project to continue investing in impactful areas.

In addition, the suitability of the wider fund range was considered and a number of changes were made:

- The name of the Smart Growth – Moderate Risk Fund was changed to the Smart Sustainable Growth Fund to reflect the changes outlined above.
- 'Core' and 'Plus' versions of the Sustainable Growth Fund were added, with new glide path options also available. These glide paths continue to target annuity, cash and flexible income and are available as default arrangements for employers if they choose;
- Removed the alternative glidepath options with the Smart Growth Fund – Higher Risk and Smart Growth Fund – Lower Risk. These funds were retained as individual fund options, and their asset allocations were refreshed;
- Funds were moved to the "Future World" versions of the LGIM equity funds where possible, as well as for the corporate bond fund (a blend of regional Future World corporate bond funds);
- Replaced the underlying fund in the Smart Global Ethical Index fund with the LGIM Fossil-Fuel Free Climate fund;
- Replaced the Smart Income fund allocation with a 40/60 equity/bond blend; and
- Removed the Smart De-risking, Smart Lower Risk and Smart Future blended multi-asset funds.

Over the year it was also agreed to add two new funds, the Smart Active Impact Equity Fund and the Smart Impact Bond Fund, to the wider fund range. These were added after the Scheme year end, in July 2023.

We aim to communicate our investment options and any changes to members primarily through digital means limiting the impact from a sustainability perspective, but will also communicate by paper where required. Digital communications can take the form of both messages and nudges within the app, emails and webinars. Nudges in particular allow Smart Pension, on behalf of the Trustee, to communicate quickly with members, including testing out new ideas and to gain members' views on stewardship and engagement.

Other default arrangements

The Scheme has four additional default arrangements which are used by different categories of members. These have come about due to the take-on and merging into our Scheme of other DC pension arrangements (and their members) which have closed, where sections within the arrangement have been closed, or where we have created new arrangements. We undertake ongoing governance and monitoring of these other default arrangements alongside the main investment strategy.

The Smart Sustainable Growth Core default arrangement is an alternative default arrangement used within the main section of the Scheme.

The ex-Tesco default arrangement was set up from March 2020 following investment advice from our investment consultant and we are satisfied that the ex-Tesco default arrangement remains suitable for those members.

The Barclays default arrangement was set up from March 2021 following investment advice from our investment consultant and we are satisfied that this also remains suitable for those members.

The Schroders default arrangement was set up from December 2022 following investment advice from our investment consultant and we are satisfied that this also remains suitable for those members. This new arrangement included adding a new investment platform, Mobius Life.

The Trustee's investment beliefs

We have developed a set of investment beliefs, which are set out on pages 8 to 21 of the SIP, which we use as a guide when making investment decisions. Further detail on investment beliefs, particularly those related to ESG, are set out in the Trustee's separate policies, listed below.

The expected risks and returns on your savings in the Scheme

The investment risks relating to members' benefits are described in the SIP on pages 9 to 12 and the expected returns from each type of investment used by the Scheme are set out in the SIP on page 12 to 13.

During the last year, we believe that the default arrangement provided a suitable level of investment risk and return for the majority of members. Our views on the expected levels of investment risks and returns inform decisions on the strategic asset allocation (i.e. what types of assets and areas of the world the Scheme invests in over the longer-term) for the Scheme's lifestyle options (which gradually change the funds in which your savings are invested as you approach retirement).

The performance of all funds relative to the benchmarks and objectives are reviewed quarterly by the ISC and Trustee. This assists in measuring the risks stated in the SIP in relation to inflation risk, volatility risk and investment manager risk.

The Trustee maintains a dynamic risk register, with the key risks for the Scheme, which is reviewed at least annually and discussed at each quarterly meeting.

We are comfortable that the changes to the asset allocation of the Scheme's default arrangement improve our position to target strong long-term returns and diversification.

Platform providers and fund managers

Choice of platform providers and funds

We and our advisers monitor the service of the platform providers used by the Scheme, LGIM and Mobius, on a quarterly basis, and receive and review assurance reports on internal controls of service.

As noted above, we added Mobius Life as an additional platform provider during the year.

We and our advisers monitor the performance of the funds used by the Scheme by:

- Receiving and reviewing monthly fund performance data from Smart Pension Limited.
- Receiving and reviewing fund performance data prepared and presented by our professional investment advisers on a quarterly basis.
- The Trustee ,or its delegates, meets with all investment managers on a rolling basis, meeting each manager at least annually, to assess their performance, stewardship and policies in place.

As noted above, a number of changes were made to the default and wider fund range during the last year.

Ability to invest / disinvest promptly

It's important that your contributions can be invested promptly in the default arrangement or the investment options you have chosen and that your investments can be sold promptly when you want to change where they are invested, transfer your pension pot to another scheme or your benefits are due to be paid out when you retire.

We are satisfied that money can be invested in and taken out of the Scheme's funds without delay as set out in the SIP.

Changes in where funds are invested

We will monitor the volume of buying and selling of the assets carried out by the fund managers for each of the funds members invest in. This is delegated to our investment advisers to monitor on an ongoing basis. Any unexpected changes or issues of concern will be brought to our attention for relevant action.

Short-term changes in the level of turnover of the assets in which a fund is invested may be expected when a fund manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio turnover or the time the fund invests in an asset might indicate a shift in the amount of risk the fund manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen by us.

Such fluctuations form part of the broader research and monitoring process adopted by the investment adviser in communications with the fund managers, providing the opportunity to identify potential concerns and challenge these directly. In instances where this research process reveals a material concern, this will be raised with the Trustee for further consideration and potential action.

We also assess the impact of trading in individual funds on an annual basis as part of our overall assessment of transaction costs (which are the costs incurred by fund managers as part of their day-to-day management of funds). Such assessments will lead to further action in instances where it is identified that transaction costs are higher than anticipated for particular funds. Over the course of the year, no such concerns were identified. The assessment of charges including transaction costs is set out in our annual Chair's Statement.

We are satisfied that the level of trading of the funds' assets carried out by the fund managers has been consistent with the funds' objectives as set out in the SIP. If you want to find out more, you can find a copy of the Scheme's SIP and the Scheme's Chair Statement at www.smartpension.co.uk/governance/scheme-governance

Security of your savings in the Scheme

In addition to the normal investment risks faced investing in the funds used by the Scheme, the security of your savings in the Scheme depends upon:

- The financial strength of the investment platform providers used by the Scheme.
- The financial strength of the fund managers used by the investment platforms.
- The legal structure of the funds the Scheme invests in.

The financial strength of the platform providers and the fund managers has a bearing on the risk of losses to the Scheme's members caused by the remote chance of one of these institutions getting into financial difficulties. The legal structure of the funds used has a bearing on the degree to which the funds' assets are "ring-fenced" from the rest of the provider's or fund managers' business in the unlikely event that the provider or manager becomes insolvent. We also review, at least annually, the eligibility of members' funds for protection under the Financial Services Compensation Scheme. Mobius, as a new platform provider, was assessed and approved in terms of its security of assets before onboarding.

During the last year, with the help of our investment advisers, we have considered information from the platform provider on the provider's financial health and the structure of the funds used by the Scheme.

There have been no changes to the structure of the funds used by the Scheme during the last year, with the exception of some funds being made available through a different investment platform i.e. Mobius. We are not aware of any material reduction in the financial strength of the investment platform providers or the fund managers used by the platform in the last year.

Conflicts of interest

The Trustee Conflicts of Interest Policy is published online, along with the SIP and Chair's Statement (mentioned earlier). The policy sets out how the Trustee deals with the identification, notification and management of potential and actual conflicts, both real and perceived.

As described on pages 15-16 of the SIP, we consider potential conflicts of interest:

- When choosing fund managers.
- When monitoring the fund managers' investment performance and the fund managers' approaches to investment stewardship and responsible investing.
- When the fund manager is making decisions on where each fund is invested.

We expect the fund managers to invest the Scheme's assets in the members' best interests. During the last year we considered the fund objectives when selecting the new managers, detailed previously. As the funds used by the Scheme are held at arm's-length from the Trustee via investment platforms, we receive assurance reports from the platform providers on their own investment governance of the funds including potential conflicts of interest.

A number of the fund managers referred to above are also investors in Smart Pension Limited, which gives rise to a perceived conflict. In reality, the material objectives for the investors and

Trustee are aligned and so do not give rise to a significant concern, although this position is monitored on an ongoing basis. Conflicts of interest are declared at the outset of all formal Trustee, and sub-committee meetings.

We are satisfied that there have been no material conflicts of interest during the year which might affect members' benefit expectations.

Manager incentives

As described on pages 17-18 of the SIP, we seek to ensure that the fund managers are suitably incentivised to deliver investment performance in keeping with the funds' objectives.

The funds used by the Scheme are held via investment platforms. While the detail may be subject to commercial confidentiality, we believe it is in the platform provider's best commercial interests to ensure that the fund managers are suitably incentivised to meet their funds' investment objectives. The Trustee expects, where possible, that the investment managers will make decisions based on assessments about medium to long-term, financial and non-financial performance of an issuer of debt or equity.

Responsible Investment

We believe that responsible investing covers both sustainable investment and effective stewardship of the assets the Scheme invests in.

Over the course of the Scheme Year, the SIP was updated to reflect the revised Climate and Nature policy. This was following the consideration of nature-related risks, in addition to climate-related risks and opportunities, including new investments made in this area.

We continue to evolve our policies to ensure they draw on the latest available evidence, views on best practice and the anticipated needs of members.

Sustainable Investment

We believe that investing sustainably is important to control the risks that environmental factors (including climate change), social factors (such as the use of child labour) and corporate governance behaviour (collectively called "ESG" factors) can have on the value of the Scheme's investments and in turn the size of your retirement benefits.

We have considered the length of time members' contributions are invested in the Scheme when choosing and reviewing the funds used in the investment options. The Scheme potentially has members joining from age 16 who could therefore have savings invested for 50 years.

We periodically review the platform provider's and fund managers' approaches to sustainable investing. We receive quarterly reports from our investment adviser on the performance of the fund range and how fund managers have handled these risks.

During the Scheme Year, we continued to evolve our responsible investment approach by improving our investments from an ESG perspective, including adding new growth funds with differing levels of impact investment, adding new allocations within the default growth funds to specific ESG funds, and revising the wider fund range. We will continue to look at new and innovative investments which have an impact from an ESG perspective. We will be reporting on our net zero progression and emissions metrics over the Scheme Year within our TCFD report and as part of our net zero updates. We met our 50% reduction in scope 1 and 2 emissions by 2025 early, hitting this milestone at the end of 2022. Our investment adviser assists with the production of our TCFD report by providing the climate emissions and scenario analysis for our underlying default growth funds.

In addition, since the Scheme Year end, we have committed to removing commodity-driven deforestation from our investments. We recognise that we can not deliver on our net zero commitments, keep global temperature rise to 1.5°C and protect our members' investments without also preventing nature and biodiversity loss. We have also committed to reducing our scope 1 and 2 emissions by 75% by 2030 since the Scheme Year end.

Investment stewardship

As described on pages 15-16 of the SIP, we believe it is important that the fund managers as shareholders or bondholders take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on major issues which affect a company's financial performance (and in turn the value of the Scheme's investments).

As the Scheme's investments are held via investment platforms, we are not able to instruct the fund managers how they should vote on shareholder issues. We nevertheless:

- Choose fund managers whose voting policies are consistent with the Scheme's objectives.
- Expect fund managers to vote in a way which enhances the value of the funds in which the Scheme invests and use the Trustee's policies (SIP, Responsible Investment Policy, Climate and Nature Policy and Voting and Engagement Policy) as an expression of wish.
- Monitor how the fund managers exercise their voting rights. During the Scheme year this was undertaken by Smart Pension and our investment advisers. We report on the votes undertaken and engagements annually through our Voting and Engagement and UK Stewardship Code Report, available on our website.

LGIM, BlackRock (as the underlying investment manager used within the Barclays Wealth funds), JP Morgan, Mirova, AXA, MV Credit, Tesco, Schroders and HSBC are all responsible for managing funds in which members' assets are invested. LGIM, JP Morgan, BlackRock, AXA, Schroders and HSBC are equity managers and therefore have voting rights attached to them. These funds are available to members as part of the default fund range, the self-select fund range or through a separate section of the Scheme. The full range of default and self-select funds available to members is set out in the Investment Policy Implementation Document.

LGIM's Future World funds currently make up the largest proportion of our equity allocation, in our default growth funds and our self-select funds. In line with this, our reporting and analysis tends to have a larger focus on votes and engagements with companies in these funds.

LGIM carries out their own analysis of companies and engagements in line with their policies. Outcomes from LGIM's engagements with underlying companies informs their assessment of the environmental, social and governance standards of those companies. This assessment then informs the weighting of individual companies in portfolios. Within the engagement process, LGIM adds focus to companies deemed critical for meeting the aims of the Paris Agreement to limit climate change. The remaining managers also carry out voting (where relevant) and stewardship activities in line with their ESG principles, which remain suitable and in line with the Trustee's principles.

As part of our annual review process we looked at our fund managers' stewardship policies and practices. This review, which was supported by our investment advisers, included questionnaires and presentations from the Scheme's fund managers. This process provided us with comfort on the approaches being taken by our fund managers in line with the expectations above, but also provided opportunities for us to work with our advisers to improve our fund managers' stewardship capabilities. More details on the managers and their stewardship approaches are provided in our Voting and Engagement and UK Stewardship Code Report.

How do we monitor this?

We periodically review the platform provider's and fund managers' approaches to stewardship including voting and engagement policies, at least on an annual basis.

Our investment advisers and investment team regularly assess fund managers on how they have voted at shareholder meetings and what topics fund managers have discussed with the companies in which they invest. Where appropriate, our advisers bring any voting, issues or concerns to our attention.

The Red Line Voting policies set out minimum voting standards for environmental, social and governance issues and are expected to be applied to votes in relation to UK companies. We expect our fund managers to either vote in line with Red Line Voting policies, or explain where this is not the case. From a climate perspective, Red Line Voting generally suggests voting against chair's of management boards where there has been inadequate action to address climate change.

The Smart Sustainable Growth Fund was used as a default arrangement during the Scheme Year, and a majority of members were invested in this fund.

We consider ‘significant votes’ to be either companies with relatively large weightings in the funds members invest in, where the subject of the resolution is expected to be financially material, or votes highlighted by ShareAction.

Smart Sustainable Growth Fund: top ten holdings

Company	Exposure %	Manager engagements* over the Scheme year
Apple	4.5	2
Microsoft	4.0	1
Alphabet	2.1	0
Nvidia	1.8	0
AstraZeneca	1.5	0
Amazon	1.4	3
HSBC	1.1	4
Unilever	1.1	4
Shell	0.8	9
Meta	0.8	1
Top ten holdings	19.2	

Source: Hymans Robertson, LGIM
*Engagements refer to direct or collaborative meetings, dialogue and issues raised outside the usual voting process.

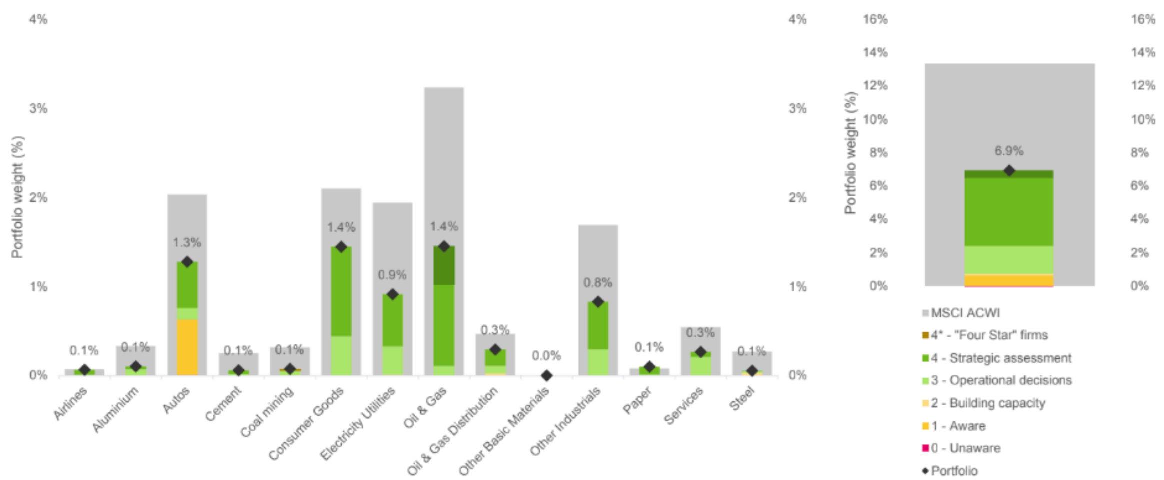
The Scheme's top equity holdings are most overweight to the healthcare sector, mainly through AstraZeneca, when compared to the MSCI ACWI index (1.5% vs. 0.4%), an index not tilted using ESG scores. The top holdings were geographically overweight to the UK compared to MSCI ACWI's top holdings (4.5% vs 0.0%).

From the top holdings in our default, we highlighted two focus areas which had the potential to improve from an ESG perspective; oil and gas and healthcare. Shell operates in the Oil & Gas sector and remains a top 10 holding from last year. We note that the company has been assessed positively by the Transition Pathway Initiative relative to peers for integration of climate change considerations in strategic decisions. However, there is further progression needed to meet net zero targets. We also recognise the potential for companies involved in the pharmaceutical sector to be subjected to high levels of controversy e.g. due to animal testing. Therefore, we will keep this area under close review.

Material sectors

The TPI is a global initiative, partnered with FTSE Russell, led by asset owners and supported by asset managers. It assesses companies' preparedness for the transition to a low-carbon economy. Using this initiative, the following analysis on the Smart Sustainable Growth Fund's equity allocation was carried out:

1. Exposure to material carbon intensive sectors[1] – airlines, aluminium, autos, cement, coal mining, consumer goods, electricity utilities, oil and gas, oil and gas distribution, other basic materials, paper, services and steel.
2. Management quality – assessment of level of integration of climate considerations in management decisions.



Source: Hymans Robertson

The equity exposure to carbon intensive sectors was around 60% of the MSCI ACWI index (6.9% versus 13.3% for the index). The Scheme is most significantly underweight to the oil and gas sector (1.4% vs. 3.2%). In absolute terms, our equity exposure had a lower exposure to carbon intensive sectors over the Scheme year, relative to last year, as did the MSCI ACWI. The analysis showed that within our equity exposure, there has been an increase of companies that embed climate change considerations in their strategic and/or operational decisions, c. 90% from 84% last year. Around 10% are either building capacity towards embedding climate change considerations in their process or are at least aware of the need to do so. There are 31 companies in this category compared to 82 last year. Only one company, Tesla Motors represents more than 0.05% of the portfolio, at 0.6% of the allocation. In addition, only two companies are unaware of the impact of climate change in their organisation, as a reduction from six companies last year, Nio Inc and Huaibei Mining holdings – both Chinese companies in the automobile and mining industries respectively.

Priorities from material sector analysis

The companies flagged in the above analysis were within the LGIM Future World equity funds which is where the majority of our equity allocation is invested. We liaised with LGIM in relation to their ESG scoring and engagements with the companies flagged.

[1] Includes sectors covered in the PACTA tool.

Company	Exposure	Reason
Tesla Motors	0.6%	Materiality and significant scope for development
Nio Incorporated	<0.1%~	Despite small exposures, these companies are not aware of how climate change could impact their organisation. Scope for wider world beneficial impact, and challenge asset managers on inclusion.
Huaibei Mining Holdings	<0.1%	

Source: Hymans Robertson, LGIM

LGIM’s ESG scores show Huaibei Mining Holdings having a low ESG score (1/100) and therefore a tilt away from the company which in turn gives it a 0.0002% allocation within the default growth fund. Nio Inc. has a higher ESG score (44/100) with an environmental score of 98/100 but a transparency score of 20/100 which is likely where it falls short in the TPI analysis; it also scores lower in social (25/100) and governance (39/100) categories. Its allocation is 0.007% within the default growth fund. Tesla Inc has scored 52/100, with a high environmental score (98/100) and governance score (63/100) but lower in the other categories of social (24/100) and transparency (29/100). With the highest exposure of the three companies flagged in the material sector analysis, it still only represents 0.6% of the default growth fund. The Trustee recognises the nature of passive ESG-tilted investing over more active exclusion-based investing, and engaged with LGIM on whether they intend to take a stronger stance or exclude these companies, in particular, given their negligible allocation from an investment perspective and poor environmental prospects. LGIM confirmed they have no intention to change their “Future World” exclusion or inclusion process. We are exploring ways where we can further exclude the worst performing ESG companies in our equity allocations.

Significant votes highlighted by ShareAction

We have considered significant ShareAction votes from our top holdings.

Company	Resolution	Red Line Voting guideline	Outcome
Alphabet	Report on effectiveness of Audit and Compliance Committee in promoting public wellbeing	N/A	Not passed
Amazon	Report on ethnicity and gender pay gaps	N/A	Not passed
Shell	Align greenhouse reduction targets with the Paris Agreement	Vote For	Not passed

We tend to focus on LGIM, J.P. Morgan and AXA in the wider voting and engagement analysis given the small holdings in the BlackRock, Tesco, Schroders and HSBC funds (0.1% or less). How our managers have voted on the above resolutions are shown in the table below. For reference, HSBC manages the Shariah-compliant equity fund available in the self-select range, and BlackRock funds are used within the Barclays Wealth Global Markets funds offered in the Barclays section.

While Red Line Voting does suggest the alignment of greenhouse gas reduction targets with the Paris Agreement, it does not go into detail on intensity and absolute metrics or accompanying targets and plans. In relation to Shell, our managers voted against the resolution over the lack of disclosure surrounding future oil and gas production plans and targets. To vote against was in line with ISS's recommendation.

Company	LGIM	AXA	JP Morgan	HSBC	BlackRock	Schroders	Consideration
Alphabet	For	Against	Against	For	Against	Against	Differences across managers
Amazon	For	For	Against	For	Against	For	Differences across managers
Shell	Against	Against	Against	N/A	Against	Against	Consistency across managers

Source: Hymans Robertson

We recognise the variation in voting amongst our managers on the same issue, in particular on corporate matters. Investment managers can have diverse perspectives on how to vote which usually arise from their unique investment strategies, priorities and views on corporate governance. To streamline this process and ensure consistency we are exploring how we can adopt a unified voting and engagement policy across our default growth fund managers. In addition, we recognise the limitations of the Red Line Voting guidelines for the review of specific detailed resolutions. Red Line Voting provides a high level guide to broad issues, for example in the Shell resolution, Red Line Voting encourages plans in line with the Paris Agreement but investment managers had issues with the level of detail and targets set out within this plan. We will look to review these guidelines and take this into account when exploring how we can bring consistency across voting in our manager allocations.

How do our fund managers implement their votes?

Our fund managers often make use of proxy voting, in particular ISS, to inform their decision making. LGIM uses ISS to place its electronic votes through the ISS ProxyExchange. LGIM has a custom voting policy in place which incorporates their specific stances on issues such as climate change, as implemented through their climate impact pledge. JP Morgan Asset Management ("JPMAM") oversees the proxy-voting process on an ongoing basis, a Proxy Committee has been established for each global location where proxy-voting decisions are made. AXA Investment Management ("AXA") uses proxy voting and shareholder engagement work. AXA is a member of the Proxinvest Steering Committee which helps by providing corporate governance research and proxy voting advice based on local market expertise.

All our managers are included in our expectations of managers set out in our SIP and our annual monitoring of stewardship approach and wider investment strategy. While our expectations and monitoring in relation to voting apply to our listed equity allocations, we expect managers to consider our policies in relation to engagements in all asset classes and geographies, and integrate Environmental, Social and Governance ("ESG") factors into their investment process. All managers are also expected to be, or working towards becoming, signatories to the UK Stewardship Code, as set out in our Responsible Investment policy. All our managers, with the exception of our private credit manager, MV Credit, are currently signatories to the Principles for Responsible Investment. While we also expect managers to use collaborative engagements where suitable, we do not specify which initiatives or organisations they should use.

We focus on LGIM, JP Morgan and AXA for our main engagements given their large allocations compared to BlackRock, Schroders and HSBC funds (< 1.5% in total). For reference, HSBC manages the Shariah-compliant equity fund available in the self-select range, BlackRock funds are used within the Barclays Wealth Global Markets funds offered in the Barclays section and Schroders manages the Smart Schroders funds offered in the Schroders section. BlackRock uses ISS for vote instruction and they also use proxy research firms for custom recommendations. HSBC makes use of ISS to assist with global application of their voting guidelines. We also have a separate Tesco section which amounts to c. 2.8% of our total assets. Tesco is the delegated investment manager for these funds and will select external underlying managers. We review this manager and their underlying funds in line with our policies and we engage with Tesco annually as part of our rolling annual manager oversight process.

The Trustee believes in opportunities to work collaboratively with other asset owners to use its voice to improve stewardship such as working with the Occupational Pensions Stewardship Council and ShareAction. Since the Scheme Year end, the Trustee has signed up to Nature Action 100. The review and input of all parties highlighted above has ensured stewardship is embedded into manager selection and annual oversight exercises, including the appointment of a specific manager with trustee-directed split voting capability. Other initiatives the Trustee is signatory to, or a member of, includes:

- Member of the Impact Investing Institute
- Member of the Institutional Investors Group on Climate Change (IIGCC)
- Signatory to Principles for Responsible Investment (PRI)
- Member of Climate Action 100+

The Trustee has a Voting and Engagement Policy in place to help assess managers' stewardship. This policy was updated over the Scheme Year to include consideration of commodity driven deforestation and fossil fuel expansion. The Trustee will look to undertake an assessment of each investment manager's voting activity (for the listed equity managers), covering voting and engagement in the priority areas for the Scheme as follows:

- The voting activity in the top five holdings of the underlying equity fund in our default growth fund;
- Material climate impacting sectors and companies, as set out by available data sources such as PACTA (power, coal mining, oil & gas upstream sectors, auto manufacturing, cement, steel and aviation);
- Ceasing financing on fossil fuel expansion;
- Eliminating commodity-driven deforestation from investments;
- Votes that are highlighted by industry groups that we are aligned to, namely ShareAction and the Occupational Pensions Stewardship Council, on a case by case basis;
- Votes that are not in line with the Red Line Voting initiative; and
- Where managers voted in different ways or where a manager's vote could have influenced the overall outcome of the vote.

Although non-equity assets do not have voting rights attached, our non-equity fund managers are all expected to align with the above where possible and support the delivery of their performance objectives and sustainable value through engagement and dialogue with parties they invest in.

We are satisfied that the fund managers' voting record on the companies in which their funds invest was aligned with the stewardship policy described in the SIP, as well as Voting and Engagement policy, for the Scheme Year. We are also satisfied that the stewardship practices implemented by managers of non-equity assets was in line with expectations.

If any issues arise during the appointment, for example an investment manager not voting in line with the Trustee's views or expression of wish, the Trustees will engage with investment managers in a constructive manner. The Trustee's formal escalation procedure is set out in our Voting and Engagement Policy. Further details on our stewardship approach and activities are provided in our UK Stewardship Code and Voting and Engagement Report, as well as Voting and Engagement policy, available online at www.smartpension.co.uk/governance/scheme-governance.

During the Scheme Year, we were satisfied with the managers' voting and engagements, incorporating key engagement themes, which will be reported on in the next Scheme Year.

Impact Investing

Impact investing relates to investments that are intended to have a positive and measurable environmental or social impact, alongside a financial return. For instance, investing in businesses and projects which benefit the local community or investing globally in companies and projects which are expected to have a positive impact on greenhouse gas emissions. We are of the view that impact investing can be of financial benefit to the Scheme's members and consistent with the investment objectives of the Scheme's investment options.

The Trustee allocated 3% to the AXA Biodiversity Fund and 10% to Mirova Global Green Bond Funds. These changes to the Scheme's investment approach and monitoring of these allocations were reflected in the SIP and IPID (where appropriate), and reported in this Statement.

ESG Investing

Our self-select equity funds and the global bond fund have moved to the "Future World" versions of the LGIM funds. These funds exclude companies involved in the mining, extraction and power generation of thermal coal at a 20% revenue threshold and companies that derive more than 20% revenue from oil sands. The LGIM ESG Score used to customise the fund indices uses 30 metrics targeting key engagement themes including temperature alignment and biodiversity. Along with the temperature alignment metric, a decarbonisation pathway to net zero by 2050 will aim to reduce the carbon emissions by 50% relative to the parent index (using 2021 as the base year), and 7% year-on-year thereafter.

Our approach to ESG and impact investing has developed over the last year and the Scheme will continue to improve the offering of these investment options for members in accordance with the SIP. These changes will be reported on in the next Scheme Year.

Ethical Investing

We recognise that some members will have strong views on where their pension savings should be invested. The Scheme offers members a choice of funds which cover a wide variety of asset classes and blends, including a Sharia Fund and an ethical and climate global equity fund. As mentioned earlier, the Trustee has replaced the underlying fund in the Smart Global Ethical Index fund with the LGIM Fossil-Fuel Free Climate fund, and renamed the fund to the Smart Ethical and Climate Fund, with the belief that this fund has stronger ethical views with the exclusions of fossil fuels, tobacco and UNGC violations.

Nevertheless, we recognise that it is not possible to cater for everyone's views on non-financial/ethical matters. We monitor the investments held by the Scheme's ethical investment options. We also monitor developments in ethical investing funds which could be appropriate to the Scheme's members. Fund managers are otherwise only expected to take non-financial factors into account when these do not conflict with the financial interests of members and the Scheme's investment objectives. More information on non-financial matters are detailed in section 3.8 of our SIP.

Our approach to ethical investing has not changed during the last year and the Scheme continues to offer ethical investment options for members in accordance with the SIP.

Approved by the Trustee of Smart Pension Master Trust

21 December 2023

More information

We hope this Statement helps you understand how the Scheme's investment of your savings for retirement has been managed in the last year. If you have any questions or feedback, please contact us by email or post:

Email: trustees@smartpension.co.uk

Post: The Trustee of the Smart Pension Master Trust
c/o Smart Pension Ltd
The Smart Building
136 George Street
London
W1H 5LD

Appendix 5 – Net Investment Returns and Transaction costs for year to 30 June 2023

The tables below show the following over the Scheme Year:

- Illustration of the impact of any fixed member charges you may pay on investment returns
- The net return achieved in the Scheme, taking into account all costs levied
- The transaction costs and property expenses levied by the investment manager for each fund available under the Scheme.

These figures are shown at the fund level. Your individual impact will vary depending on your investment choices, timing of any contributions and withdrawals you made over the year and the fees that apply to you. For example, some members pay a fixed monthly charge alongside a regular Annual Management Charge and the impact of this will vary depending on individual circumstances. The impact is also expected to reduce over time with growth in your pot. We have taken account of and complied with statutory guidance when preparing this section.

The following table is intended to help you understand the impact of fixed monthly charges both in 2022/23 and future years including the full period to your retirement, consistent with the assumptions stated in our fees and charges illustrations in Appendix 1 for the Series default for an active member.

	Younger member (currently 35 years from retirement)	'Average' member (currently 25 years from retirement)	Older member (currently 15 years from retirement)
Current pot size*	£570	£2,000	£760
Assumed pot at retirement after costs and charges*	£110,000	£70,000	£30,000
Impact of monthly charge on 2022/23 investment returns			
Smart Sustainable Growth (S1/2)	1.31%	0.70%	1.24%
Smart Sustainable Growth (S3)	1.31%	0.70%	1.24%
Barclays	0.75%	0.40%	0.71%
Impact of monthly charge in final year of investment before retirement			
Smart Sustainable Growth (S1/2)	0.02%	0.03%	0.07%

Smart Sustainable Growth (S3)	0.02%	0.03%	0.07%
Barclays	0.01%	0.02%	0.04%
Aggregate impact of monthly charge on annual investment returns to retirement			
Smart Sustainable Growth (S1/2)	0.05%	0.07%	0.14%
Smart Sustainable Growth (S3)	0.05%	0.07%	0.14%
Barclays	0.03%	0.04%	0.08%

* Assumptions for illustrative purposes but intended to be representative for typical members at different stages of their savings journey.

Only Series where monthly fees do apply are included in this illustration above. Where fixed charges may vary within a Series, the highest monthly charge is used for the illustration.

You can identify your series by logging into your account, going to the Investment funds page from the Dashboard and opening your 'Investment and charges information' page.

Funds with a (D) represent those used for the main default funds in that Series.

Series 1 and Smart Retire^

Smart Fund Name	1-Year Net Return (before monthly fees)*	1-Year Net Return (after monthly fees)	3-Year Annualised Net Return (before monthly fees)*	3-Year Annualised Net Return (after monthly fees)	Transaction Cost	Property Expenses
Sustainable Growth Fund (D)	8.5%	8.5%	7.0%	6.9%	0.084%	0.001%
Growth – Higher risk Fund	9.3%	9.3%	9.1%	9.0%	0.163%	
Growth – Lower risk Fund	5.7%	5.6%	4.6%	4.5%	0.160%	
Income Fund (D)	3.7%	3.7%	2.3%	2.3%	0.078%	0.008%
Annuity Fund (D)	-13.9%	-14.0%	-12.7%	-12.7%	-0.015%	

Cash Fund (D)	2.8%	2.8%	0.8%	0.7%	0.062%	
All Stock Index Linked Gilts Index Fund	-14.5%	-14.6%	-13.3%	-13.4%	0.193%	
Ethical & Climate Fund**	9.6%	9.5%	n/a	n/a	0.125%	
Sharia Fund	14.6%	14.5%	11.8%	11.8%	-0.008%	
North America Equity Index Fund	12.3%	12.2%	13.0%	13.0%	0.106%	
UK Equity Index Fund	7.2%	7.2%	9.9%	9.8%	0.244%	
World (ex UK) Developed Equity Index Fund	12.6%	12.6%	11.2%	11.1%	0.099%	
World Emerging Market Equity Index Fund	-3.0%	-3.0%	1.9%	1.8%	0.301%	
Global Bond Index Fund	0.2%	0.1%	-3.8%	-3.8%	-0.015%	
Sustainable Growth Plus**	n/a	n/a	n/a	n/a	0.082%	
Sustainable Growth Core (D)**	n/a	n/a	n/a	n/a	0.066%	

* A monthly charge of up to £1.75 applies to S1 members and has been considered in the above net performance figures based on the anticipated impact for a representative younger member 35 years from retirement.

^Smart Retire members currently no longer pay a monthly fee so the 'before monthly fees' column will be the relevant column for you. The funds available for Smart Retires members are limited to the Smart Income Fund (Flexible Income Pot), Smart Annuity Fund (Later Life Pot), Smart Cash Fund (Rainy Day Pot) and the Smart Sustainable Growth Funds (Inheritance Pot).

** Inception date of these funds is less than the 1- or 3-years prior to 30/06/2023 and so 1- or 3-year performance is unavailable.

Series 2

Smart Fund Name	1-Year Net Return (before monthly fees)*	1-Year Net Return (after monthly fees)	3-Year Annualised Net Return (before monthly fees)*	3-Year Annualised Net Return (after monthly fees)	Transaction Cost	Property Expenses
Sustainable Growth Fund (D)	8.5%	8.5%	7.0%	6.9%	0.084%	0.001%
Growth – Higher risk Fund	9.3%	9.3%	9.1%	9.0%	0.130%	
Growth – Lower risk Fund	5.7%	5.6%	4.6%	4.5%	0.125%	
Income Fund (D)	3.7%	3.7%	2.3%	2.3%	0.078%	0.008%
Annuity Fund (D)	-13.9%	-14.0%	-12.7%	-12.7%	-0.015%	
Cash Fund (D)	2.8%	2.8%	0.8%	0.7%	0.062%	
All Stock Index Linked Gilts Index Fund	-14.5%	-14.6%	-13.3%	-13.4%	0.193%	
Ethical & Climate Fund**	9.6%	9.5%	n/a	n/a	0.117%	
Sharia Fund	14.6%	14.5%	11.8%	11.8%	-0.008%	
North America Equity Index Fund	12.3%	12.2%	13.0%	13.0%	0.109%	
UK Equity Index Fund	7.2%	7.2%	9.9%	9.8%	0.426%	

World (ex UK) Developed Equity Index Fund	12.6%	12.6%	11.2%	11.1%	0.119%	
World Emerging Market Equity Index Fund	-3.0%	-3.0%	1.9%	1.8%	0.341%	
Global Bond Index Fund	0.2%	0.1%	-3.8%	-3.8%	-0.023%	
Sustainable Growth Plus**	n/a	n/a	n/a	n/a	0.083%	
Sustainable Growth Core**	n/a	n/a	n/a	n/a	0.068%	

* A monthly charge of up to £1.75 applies to S2 members and has been considered in the above net performance figures based on the anticipated impact for a representative younger member 35 years from retirement.
** Inception date of these funds is less than the 1- or 3-years prior to 30/06/2023 and so 1- or 3-year performance is unavailable.

Series 3

Smart Fund Name	1-Year Net Return (before monthly fees)*	1-Year Net Return (after monthly fees)	3-Year Annualised Net Return (before monthly fees)*	3-Year Annualised Net Return (after monthly fees)	Transaction Cost	Property Expenses
Sustainable Growth Fund (D)	8.6%	8.5%	7.1%	7.1%	0.084%	0.001%
Growth – Higher risk Fund	9.4%	9.3%	9.2%	9.2%	0.129%	

Chair's statement
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Growth – Lower risk Fund	5.7%	5.7%	4.6%	4.6%	0.135%	
Income Fund (D)	3.8%	3.7%	2.5%	2.4%	0.078%	0.029%
Annuity Fund (D)	-13.9%	-13.9%	-12.6%	-12.6%	-0.015%	
Cash Fund (D)	2.8%	2.8%	0.9%	0.9%	0.062%	
All Stock Index Linked Gilts Index Fund	-14.5%	-14.5%	-13.2%	-13.3%	0.193%	
Ethical & Climate Fund	9.6%	9.6%	11.0%	11.0%	0.120%	
Sharia Fund	14.6%	14.6%	11.9%	11.9%	-0.008%	
North America Equity Index Fund	12.3%	12.3%	13.1%	13.1%	0.100%	
UK Equity Index Fund	7.2%	7.2%	10.0%	10.0%	0.198%	
World (ex UK) Developed Equity Index Fund	12.6%	12.6%	11.3%	11.2%	0.115%	
World Emerging Market Equity Index Fund	-2.9%	-3.0%	2.0%	1.9%	0.279%	
Global Bond Index Fund	0.2%	0.2%	-3.7%	-3.7%	-0.003%	
Sustainable Growth Plus**	n/a	n/a	n/a	n/a	0.082%	

Sustainable Growth Core**	n/a	n/a	n/a	n/a	0.068%	

* A monthly charge of up to £1.75 applies to S3 members and has been considered in the above net performance figures based on the anticipated impact for a representative younger member 35 years from retirement.
** Inception date of these funds is less than the 1- or 3-years prior to 30/06/2023 and so 1- or 3-year performance is unavailable.

Series 4

Smart Fund Name	1-Year Net Return	3-Year Annualised Net Return	Transaction Cost	Property Expenses
Sustainable Growth Fund (D)	8.4%	6.9%	0.084%	0.001%
Growth – Higher risk Fund	9.1%	9.0%	0.163%	
Growth – Lower risk Fund	5.5%	4.5%	0.161%	
Income Fund (D)	3.6%	2.2%	0.077%	0.008%
Annuity Fund (D)	-14.1%	-12.8%	-0.016%	
Cash Fund (D)	2.6%	0.7%	0.062%	
All Stock Index Linked Gilts Index Fund	-14.6%	-13.4%	0.193%	
Ethical & Climate Fund	9.4%	10.8%	0.124%	
Sharia Fund	14.4%	11.7%	-0.008%	
North America Equity Index Fund	12.1%	12.9%	0.099%	
UK Equity Index Fund	7.0%	9.8%	0.266%	
World (ex UK) Developed Equity Index Fund	12.4%	11.0%	0.117%	

World Emerging Market Equity Index Fund	-3.1%	1.8%	0.317%	
Global Bond Index Fund	0.0%	-3.9%	-0.021%	
Sustainable Growth Core**	n/a	n/a	0.068%	
Sustainable Growth Plus**	n/a	n/a	0.082%	

** Inception date of these funds is less than the 1- or 3-years prior to 30/06/2023 and so 1- or 3-year performance is unavailable.

Series 5

Smart Fund Name	1-Year Net Return	3-Year Annualised Net Return **	Transaction Cost	Property Expenses
Sustainable Growth Fund (D)	8.5%	n/a	0.084%	0.006%
Growth – Higher risk Fund	9.2%	n/a	0.163%	
Growth – Lower risk Fund	5.6%	n/a	0.161%	
Income Fund (D)	3.7%	n/a	0.077%	0.008%
Annuity Fund (D)	-14.0%	n/a	-0.016%	
Cash Fund (D)	2.7%	n/a	0.062%	
All Stock Index Linked Gilts Index Fund	-14.5%	n/a	0.193%	
Ethical & Climate Fund	9.5%	n/a	0.111%	
Sharia Fund	14.5%	n/a	-0.008%	
North America Equity Index Fund	12.3%	n/a	0.112%	
UK Equity Index Fund	7.1%	n/a	0.241%	

World (ex UK) Developed Equity Index Fund	12.5%	n/a	0.126%	
World Emerging Market Equity Index Fund	-3.0%	n/a	0.353%	
Global Bond Index Fund	0.2%	n/a	-0.050%	
Sustainable Growth Core**	n/a	n/a	0.068%	
Sustainable Growth Plus**	n/a	n/a	0.082%	

** Inception date of these funds is less than the 1- or 3-years prior to 30/06/2023 and so 1- or 3-year performance is unavailable.

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Smart Fund Name	1-Year Net Return	3-Year Annualised Net Return	Transaction Cost	Property Expenses
Sustainable Growth Fund (D)	8.2%	6.7%	0.084%	0.001%

Tesco

Fund Name	1-Year Net Return	3-Year Annualised Net Return	Transaction Cost	Property Expenses
Smart Pension (former Tesco MPS) Growth Fund (D)	4.8%	7.9%	0.141%	0.032%
Smart Pension (former Tesco MPS) Equity Fund (D)	9.1%	10.0%	0.181%	
Smart Pension (former Tesco MPS) Cash Fund (D)	2.9%	1.0%	-0.113%	

Smart Pension (former Tesco MPS) Corporate Bond Fund (D)	-1.8%	-4.7%	0.047%	
Smart Pension (former Tesco MPS) Index-Linked Gilts Fund	-14.5%	-13.1%	0.193%	
Smart Pension (former Tesco MPS) Nearly There Bond Fund (D)	0.9%	0.8%	0.056%	
Smart Pension (former Tesco MPS) Diversified Fund (D)	-4.7%	3.1%	0.049%	0.107%
Smart Pension (former Tesco MPS) Ethical Fund	10.6%	11.5%	0.028%	
Smart Pension (former Tesco MPS) Annuity Target Fund	-13.9%	-12.5%	-0.020%	
Smart Pension (former Tesco MPS) Sharia Fund	14.7%	12.0%	-0.008%	

Barclays strategies**

Fund Name	1-Year Net Return (before monthly fees)*	1-Year Net Return (after monthly fees)	3-Year Annualised Net Return (before monthly fees)*	3-Year Annualised Net Return (after monthly fees)	Transaction Cost	Property Expenses
Barclays Wealth Global Markets 1 (D)	1.7%	1.6%	n/a	n/a	0.001%	
Barclays Wealth Global Markets 2 (D)	2.9%	2.9%	n/a	n/a	0.000%	
Barclays Wealth Global Markets 3	7.1%	7.1%	n/a	n/a	0.000%	
Barclays Wealth Global Markets 4	9.9%	9.9%	n/a	n/a	0.000%	
Barclays Wealth Global Markets 5 (D)	8.2%	8.2%	n/a	n/a	0.003%	

* A monthly charge of £1.00 applies to Barclays members and has been considered in the above net performance figures based on the anticipated impact for a representative younger member 35 years from retirement.
** Inception date of these funds is less than the 1- or 3-years prior to 30/06/2023 and so 1- or 3-year performance is unavailable.

Schroders (including Smart Retire Schroders)**

Fund Name	1-Year Net Return	3-Year Annualised Net Return	Transaction Cost	Property Expenses
Smart Schroders Longer Term Growth Fund	n/a	n/a	0.200%	
Smart Schroders Stable Growth Fund	n/a	n/a	0.190%	
Smart Schroders Cautious Growth Fund	n/a	n/a	0.200%	

Smart Schroders Retirement Focus Fund (Default) (D)	n/a	n/a	0.190%	
Smart Schroders Retirement Focus Fund (Annuity)	n/a	n/a	0.230%	
Smart Schroders Retirement Focus Fund (Cash)	n/a	n/a	-0.040%	
Smart Schroders Global Equity Fund	n/a	n/a	0.030%	
Smart Schroders Corporate Bond Fund	n/a	n/a	0.270%	
Smart Schroders Fixed Annuity Focus Fund	n/a	n/a	0.380%	
Smart Schroders Inflation-Linked Annuity Focus Fund	n/a	n/a	0.180%	
Smart Schroders Cash Fund	n/a	n/a	-0.040%	
Smart Schroders ESG Fund	n/a	n/a	0.120%	
Smart Schroders Islamic Global Equity Fund	n/a	n/a	0.050%	

** Inception date of these funds is less than the 1- or 3-years prior to 30/06/2023 and so 1- or 3-year performance is unavailable.

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