Net returns section for Chair's Statement

Co-operative Pension Scheme (Pace)

19 August 2025

This paper has been prepared for the Trustee of the Co-operative Pension Scheme (Pace) (the "Scheme") in response to your request that we provide wording for the net investment returns section of the DC Chair's Statement.

There is a requirement for most trust-based defined contribution ("DC") schemes to produce an annual Chair's Statement. You requested that we provide a draft of the net returns section for the Scheme to be included in the Chair's Statement, which we have enclosed. DWP guidance indicates that figures for net investment returns should be shown for the scheme year at a minimum, but recommends including returns for at least five years where possible.

The draft section of the Statement is based on the industry-wide template that was created from a project driven by LCP, working with the Pensions and Lifetime Savings Association. In producing the draft section, we have relied on information provided by Legal & General.

The Pensions Regulator ("TPR") has issued fines for non-compliant Chair's statements. We have produced the draft section of the Statement based on our template, which has been guided by our understanding of the requirements. However, it is the Trustee's responsibility to produce a compliant Statement, and therefore we suggest that you obtain legal advice to confirm that all requirements have been met; for efficiency we suggest that the legal adviser is asked to restrict their comments to those that are essential.

Contact

Nigel Dunn, CFA

Partner

+44 (0)20 7432 7795

Nigel.Dunn@lcp.uk.com

The use of our work

This work has been produced by Lane Clark & Peacock LLP under the terms of our written agreement with the Trustee of the Co-operative Pension Scheme ("Pace") ("Our Client").

This work is only appropriate for the purposes described and should not be used for anything else. It is subject to any stated limitations (eg regarding accuracy or completeness). Unless otherwise stated, it is confidential and is for your sole use. You may not provide this work, in whole or in part, to anyone else without first obtaining our permission in writing. We accept no liability to anyone who is not Our Client.

If the purpose of this work is to assist you in supplying information to someone else and you acknowledge our assistance in your communication to that person, please make it clear that we accept no liability towards them.

About Lane Clark & Peacock LLP

All rights to this document are reserved to Lane Clark & Peacock LLP ("LCP"). This document may be reproduced in whole or in part, provided prominent acknowledgement of the source is given. We accept no liability to anyone to whom this document has been provided (with or without our consent). Lane Clark & Peacock LLP is a limited liability partnership registered in England and Wales with registered number OC301436. LCP is a registered trademark in the UK (Regd. TM No 2315442) and in the EU (Regd. TM No 002935583). All partners are members of Lane Clark & Peacock LLP. A list of members' names is available for inspection at 95 Wigmore Street, London W1U 1DQ, the firm's principal place of business and registered office. Lane Clark & Peacock LLP is authorised and regulated by the Financial Conduct Authority and is licensed by the Institute and Faculty of Actuaries for a range of investment business activities. © Lane Clark & Peacock LLP 2025

Draft investment returns section

1. Investment returns

This section shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the Scheme Year (6 April 2024 to 5 April 2025). Returns are shown over period to 31 March 2025, as the closest date available to 5 April 2025.

For arrangements where returns vary with age, such as for the default strategy, returns are shown over the Scheme Year for a member aged 25, 45 and 55 at the start of the period the returns are shown over, and based on deal prices.

We note that the changes to the investment strategy for the Co-op Section were implemented throughout August and September 2023. For the purpose of our calculations, we have used pricing data for the new funds from 1 October 2023 onwards.

Co-op Section

Target Lump Sum net returns over periods to 31 March 2025

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	4.4	9.7
45	4.4	7.7
55	3.9	6.1

Target Flexible Income net returns over periods to 31 March 2025

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	4.4	9.7
45	4.4	7.7
55	3.9	6.1

Target Secure Income net returns over periods to 31 March 2025

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	4.4	9.7
45	4.4	7.7
55	3.9	4.7

Self-select fund net returns over periods to 31 March 2025

Fund name	1 year (%)	5 years (% pa)
Pace Build Your Pot Fund	4.4[1]	N/A[1]
Pace Consolidate Your Pot Fund	3.9[1]	N/A[1]
Pace Take Your Pot as Cash Fund	4.8[1]	N/A[1]
Pace Take Your Pot as Drawdown Fund	4.2[1]	N/A[1]

Fund name	1 year (%)	5 years (% pa)
Pace Take Your Pot as an Annuity Fund	-0.7[1]	N/A[1]
Pace Growth (Shares) 2021 Fund	4.7	N/A[2]
Pace Growth (Shares) Fund	7.4	14.1
Pace Growth (Mixed) Fund	3.9	6.1
Pace Growth (Ethical Shares) Fund	2.5	14.9
Pace Growth (Shariah) Fund	3.6	N/A[3]
Pace Pre-retirement Fund	-2.6	-4.9
Pace Pre-retirement (Inflation-linked) Fund	-5.3	-6.8
Pace Cash Fund	5.1	2.5

[1]Please note that these funds were launched in February 2023, therefore one year performance is available. We note that the funds were made available to the Scheme in Q3 2023. Longer term performance is not available due to the launch date.
[2]The Pace Growth (Shares) 2021 Fund was launched in February 2021 and hence longer-term performance is not yet available.
[3]The Pace Growth (Shariah) Fund was launched in March 2022 and hence longer-term performance is not yet available.

Bank Section

Target Lump Sum net returns over periods to 31 March 2025

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	4.3	9.4
45	4.0	3.7
55	4.0	3.4

Target Flexible Income net returns over periods to 31 March 2025

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	4.3	9.4
45	4.0	3.7
55	3.9	3.4

Target Secure Income net returns over periods to 31 March 2025

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	4.3	9.4
45	4.0	3.7
55	3.6	1.3

Self-select fund net returns over periods to 31 March 2025

Fund name	1 year (%)	5 years (% pa)
Pace Growth (Shares) 2021 Fund	4.7	N/A[1]
Pace Growth (Shares) Fund	7.4	14.1

Fund name	1 year (%)	5 years (% pa)
Pace Growth (Mixed) Fund	3.9	6.1
Pace Growth (Ethical Shares) Fund	2.5	14.9
Pave Growth (Shariah) Fund	3.6	N/A[2]
Pace Pre-retirement Fund	-2.6	-4.9
Pace Pre-retirement (Inflation-linked) Fund	-5.3	-6.8
Pace Cash Fund	5.1	2.5

[1]The Pace Growth (Shares) 2021 Fund was launched in February 2021 and hence longer term performance is not yet available.
[2]The Pace Growth (Shariah) Fund was launched in March 2022 and hence longer term performance is not yet available.

Additional Voluntary Contribution ("AVC")

AVCs net returns over periods to 31 March 2025

Fund name	1 year (%)	5 years (% pa)
Royal London		
With-Profits Fund	N/A[1]	N/A[1]
UK Growth Fund	9.2	11.6
European Growth Fund	0.5	11.5
US Growth Fund	1.3	17.3
Cash Pension Fund	4.3	2.1
Fixed Interest Pension Fund	-8.9	-9.4
Aviva		
With-Profits (NU) Pension Standard	14.0[2]	3.3[2]
With-Profits Guaranteed (NU) Pension Standard	11.2[2]	3.2[2]
Prudential		
With-Profits Cash Accumulation Fund	2.5[3]	1.7[3]
Utmost		
Multi-Asset Cautious Fund[4]	3.6	1.5
Multi-Asset Moderate Fund[4]	3.5	5.5

[1]Investment returns for With-Profits funds are based on a variety of factors including the returns produced by the underlying investment mix, smoothing and any guarantees applied. Therefore, some providers do not report a net return or report a net return on an annual basis only (for the period 1 January to 31 December). Royal London confirmed the gross investment return for the underlying assets of the With-Profits Fund was 9.4% in 2024. Charges are limited to a maximum of 1% pa, therefore the net investment return of the underlying assets of the With-Profits Fund was no less than 8.4% in 2024.
[2]Returns are shown based on a starting fund size of £10,000.
[3]Returns are shown based on a starting fund size of £10,000, with no further contributions and a calculation date of 5 April 2025.
[4]Returns shown as at 17 April 2025.