

Supporting material

Annual Report for year
ending 31 December 2025



Independent Governance Committee





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This document is the supporting material to the Phoenix Independent Governance Committee Annual Report for the year ending 31 December 2025. which can be found [here](#).

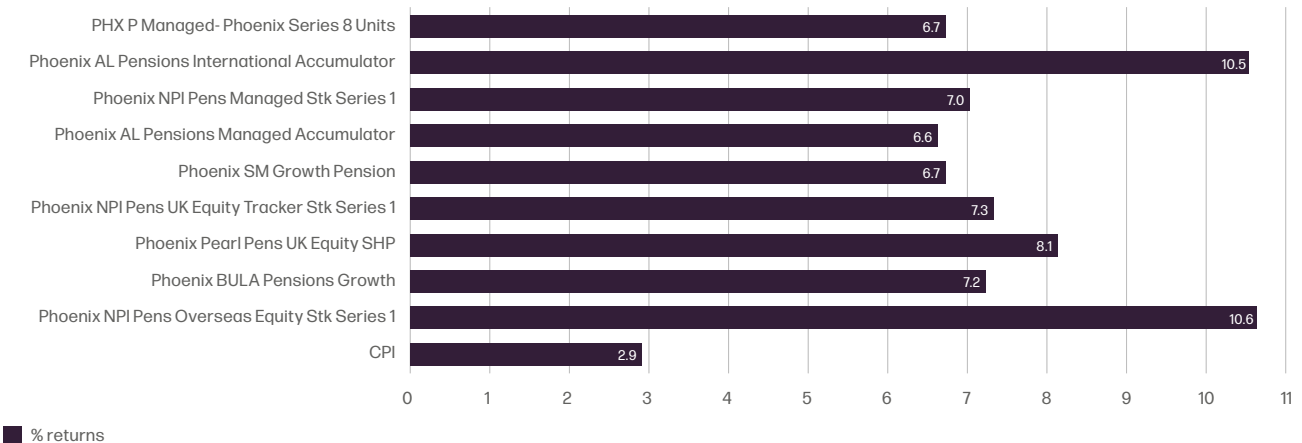
Investment performance



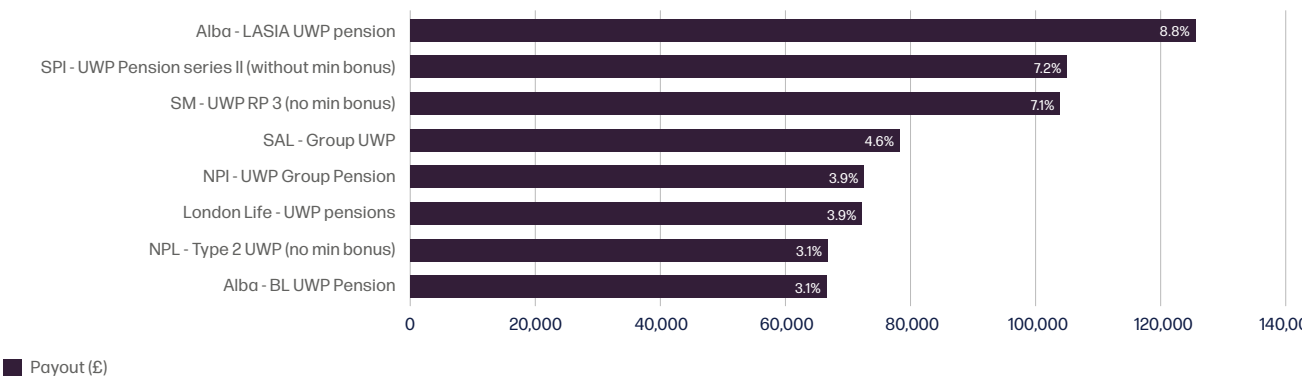
Investment performance

The following charts and tables have been chosen to demonstrate (a) the long-term performance of several of the most important Phoenix default funds in relation to consumer inflation; (b) examples of the return on premiums, and the performance in relation to inflation, over the long term for a range of with profits funds (c) how changes in annuity rates have interacted with changes in the size of the pension pot.

15 year annualised performance (%) of key funds and CPI



Example 20 year payouts and return on premium



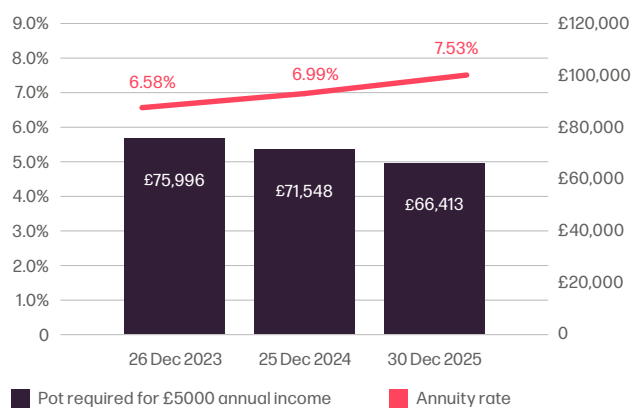
With Profits underlying asset share performance vs CPI

Phoenix Life	IGC Bonus series	Guaranteed Min Growth Rate	Current EBR	10yr	15yr
London Life	Trad pensions	0.00%	0%	-2.80%	-0.20%
London Life	UWP pensions	0.00%	49%	-0.20%	2.70%
NPL	Type 1 uwp (with min bonus)	4.00%	0%	-2.30%	-1.50%
NPL	Type 2 UWP (no min bonus)	0.00%	52%	1.10%	2.20%
NPI	UWP Group Pension	0.00%	51%	0.90%	4.40%
Pearl	Personal Pensions	0.00%	51%	2.00%	5.80%
SM	UWP RP 1 & 2 (with min bonus)	4.00%	31%	-0.50%	2.50%
SM	UWP RP 3 (no min bonus)	0.00%	59%	1.80%	5.10%
SPI	UWP Pension series I (with min bonus)	4.00%	32%	-0.50%	No Data
SPI	UWP Pension series II (without min bonus)	0.00%	60%	1.90%	No Data
SAL	Group UWP	0.00%	45%	1.20%	4.80%
SAL	Trad Regular Premium Pensions	0.00%	22%	0.70%	No Data
Alba	Trad Pension BLL/FS series B	0.00%	49%	-0.20%	No Data
Alba	LASIA UWP pension	0.00%	0%	-0.20%	No Data
Alba	BL UWP Pension	0.00%	49%	-0.20%	No Data

Customers in some with profits funds benefit from an annual guarantee, usually 4%, often where the equity backing ratio is low or zero.

Changes in annuity rates & pension pot (after tax-free cash) needed to buy £5,000 annual income (65 year old, single life, level, five year guarantee)

Changes in annuity rates & pension pot (after tax-free cash) needed to buy £5,000 annual income (65 year old, single life, level, five year guarantee) The following chart shows how changes in annuity rates as well as the size of any investment pot affects the amount of annuity which you could purchase at different points in time.



Source: Standard Life (best in market rates for a 65 year old, single life, level contract with a five year guarantee at an average postcode)

Costs and charges

Costs and charges

Transaction costs by type of asset

As in previous years, we have included a table that shows the transaction costs for the Phoenix Unit Trust Managers (PUTM) collective investment schemes that Phoenix uses to construct many of the unit-linked and with-profits funds that customers invest in. Each collective investment scheme invests in a particular type of asset. PUTM include the Anti-Dilution Levy (ADL) offset in their reporting which represents the value within the pricing of the collective investment scheme that is taken to cover the cost of trading as units are sold or purchased. For the purpose of transaction cost reporting, the ADL can be used to offset the costs associated with trading in the underlying stocks and bonds that such unit movements generate. The level of transaction costs should be considered alongside the level of investment return; for example, a high transaction cost is not necessarily poor value for money if it results in overall better returns.

Table 1

Type of transaction cost	Implicit (%)	Explicit (%)	Anti Dilution Levy (%) (3)	Total (%)	Total (%)
Year	2025	2025	2025	2025	2024
Type of investment				1+2-3	
UK Gilts	0.00	0.00	0.00	0.00	0.00
UK Corporate Bonds	0.15	0.00	0.04	0.11	-0.01
Overseas Bonds	0.11	0.00	0.00	0.11	0.04
Supernationals	0.01	0.01	0.02	0.00	0.00
UK Equity	0.04	0.05	0.01	0.08	0.11
N America Equity	0.01	0.00	0.01	0.00	0.01
Japanese Equity	0.06	0.01	0.01	0.06	0.22
Asia Pacific	0.19	0.14	0.04	0.29	0.28
European Equity	0.12	0.08	0.03	0.17	0.07
Emerging Markets	0.07	0.13	0.05	0.15	0.35
Property (estimated)	0.00	0.14	0.00	0.14	0.07
Global Credit	0.13	0.00	0.04	0.09	0.1
Tactical Asset Allocation	0.61	0.05	0.00	0.66	0.69
Emerging market debt	0.02	0.04	0.06	0.00	0.16
Cash	0.00	0.00	0.00	0.00	0.00
Typical ('managed') fund	0.10 to 0.12	0.03 to 0.04	0.02 to 0.03	0.11 to 0.13	0.11 to 0.13

Transaction costs for the relevant With Profits funds

Phoenix provides us with transaction costs for the with-profits funds that are invested in by some customers. The costs shown represent the assets within the fund that inform policy payouts and, while the asset mix for certain groups of policies within each fund may vary, they are indicative of the level of costs.

In general, the costs appear reasonable.

Table 2

Fund name	Fund average Net Asset Value (NAV) (£bn)	Aggregate transaction costs 2025 (%)	Aggregate transaction costs 2024 (%)
PLL London Life	0.04	0.101	0.058
PLL NPL	0.4	0.048	0.058
PLL Pearl	3.0	0.11	0.049
PLL Alba	0.2	0.04	0.062
PLL SAL	0.9	0.065	0.068
PLL Scottish Mutual	0.7	0.072	0.055
PLL SPI	0.4	0.065	0.055

Transaction costs for the main unit-linked funds

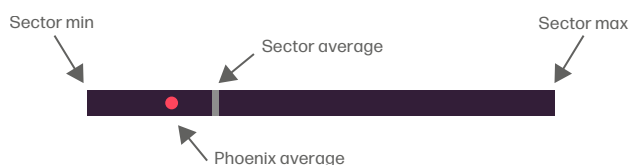
The following table shows transaction costs for the main unit-linked funds used by you. While these are not 'default' funds (because customers made a decision to invest in them), they are used by a large proportion of customers so we treat them as 'pseudo' default funds.

Table 3

Fund name	Fund average asset value (£bn)	Total transaction costs 2025 (%)	Total transaction costs 2024 (%)
RSA Pension Managed	1.19	0.002	0.007
Abbey Life International	1.73	0.002	0.013
NPI Pensions Managed	0.93	0.021	0.099
Abbey Life Pensions Managed	1.39	0.003	0.061
Scottish Mutual Growth Pension	0.24	0.141	0.134
NPI Pensions UK Equity Tracker	0.07	0.019	0.03
Pearl Pensions UK Equity	0.03	0.00	0.107
Phoenix Pension Growth Stakeholder	0.04	0.002	0.111
NPI Pensions Overseas Equity	0.09	-0.063	0.098

Transaction costs – benchmarking

The chart illustrates that the average Phoenix transaction costs relative to those of other companies in the market are within normal market ranges for funds with a similar strategy, albeit that market participants may use a range of different interpretations and methodologies.

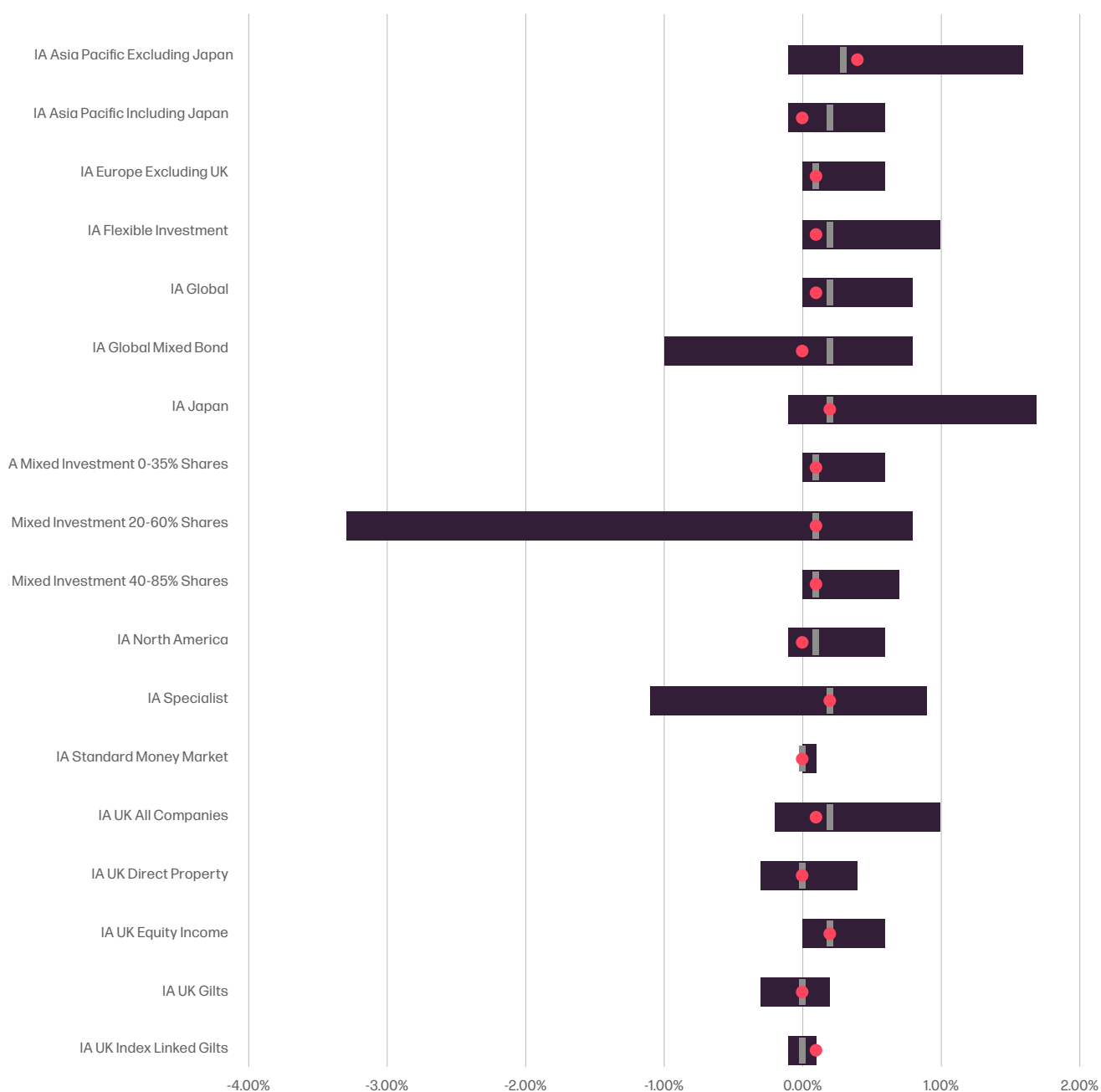


Methodology

The chart shows the range of transaction costs being reported in the Investment Association (IA) sectors.

Each bar demonstrates the minimum, maximum and average transaction cost reported for each IA sector.

The average Phoenix insured fund transaction cost has been overlaid for comparison purposes. Insured funds have been aligned to IA sectors based on their respective ABI sector.



Increased disclosure of costs and charges

The tables of costs and charges for all investment funds, together with sample illustrations to show the impact of those costs and charges, are available on the [website](#).

The tables show the range of costs and charges incurred by individual customers and demonstrate that not all customers pay the same for the same fund, but that costs and charges vary, generally due to the terms agreed at outset. What you pay may also vary by the fund(s) that you are invested in. It is important, therefore, to understand how your charges compare with what you may be able to get elsewhere. The sample illustrations also show how significant ongoing charges can be on the ultimate value of your pension, particularly if you have a larger pot invested over a long period.

In addition, the Financial Conduct Authority (FCA) rules around assessing value for money in workplace pension schemes require IGCs to consider the most appropriate and proportionate way to assess an employer's scheme so that the IGC can produce a value for money assessment that is most useful for members. IGCs have a judgement to make on whether to assess costs and charges at an individual employer level, at an aggregated level or by a combination of both. We have chosen to assess costs and charges at an individual employer level rather than an aggregated level. We feel this is most appropriate, as it is at this level that you experience the service offered for the charge that you are paying and allows you to fully understand where your level of charges sit in comparison to others.

While we consider individual employer data points available for the business across Standard Life, we are unable to get the same level of detail for external market comparators. Therefore, we also group data based on key employer level characteristics that influence the price you pay (e.g. number of members in an employer arrangement and average fund size of those members) and compare against similar groups from external comparators that we have access to through benchmarking surveys and information published by other IGCs.

Given the legacy nature of the Phoenix business, the vast majority of employer arrangements will no longer be active and only have a very small number of members. Therefore, the ability and likelihood of an employer arrangement transferring to another provider is remote and it will be down to the individual member to make that decision. Therefore, we also feel it is appropriate to additionally consider and report at an individual member level to show how your charges compare to all other Phoenix customers.

In considering our value for money assessment, we have looked at costs and charges information available both internally within Phoenix (with data set out in this report) and also across the wider Standard Life. We have considered looking at how charges compare across schemes with similar numbers of members and/or assets under administration as these can be key factors that will have initially influenced the level of charges applied to a particular scheme. However, the legacy nature of Phoenix's business, with only one or two members in individual employer arrangements that are no longer active, makes this approach less relevant.

Externally, we have taken part in industry-wide benchmarking surveys to understand how the level and spread of charges compare with those across the industry. We will also continue to look at disclosures within our peer IGCs' reports to see how Phoenix's costs and charges compare across the industry.

We strongly encourage you to understand how the level of charges you pay compares to charges paid by other employer arrangements with Phoenix. Within this report (for pseudo default funds) and on the website (for all funds) there are details that show the distribution of charges at an employer and individual member level. We have chosen to present the data in this fashion as we believe this is a useful and effective way for you to understand how the level of charges you are paying compares with those of other employer arrangements within the same fund, and as such, what relative value for money you may be receiving.

In order to help you to be able to assess this, Phoenix have delivered a digital solution that allows you to find the level of charges for all funds that you are invested in or are available to you. From the Phoenix [website](#), you are able to enter the name of your employer who your pension arrangement was with and be presented with all relevant costs and charges for both invested funds and funds available to you.

In order for you to consider how the charges you are paying compare to those being applied to other members or employer arrangements provided by Phoenix, for each fund available we have set out, using various charge bands, the proportion of members and employers invested within that fund who are paying the level of charges indicated within the relevant band.

For example, the table below shows the distribution of charges for employer arrangements invested in the Phoenix NPI Pensions Managed Fund. If you are invested in this fund and are paying a charge of between 0.60% and 0.75%, then 6% of other employer arrangements who are invested in this fund will be paying a lower charge, some significantly so. There may have been valid reasons for this, but, in this scenario, we would encourage you to consider whether you are receiving value for money given the charges being applied to other members, alongside the fact that there will be significantly lower-charging alternatives available in the new business market.

Fund name	< 0.30%	0.30% to 0.39%	0.40% to 0.49%	0.50% to 0.59%	0.60% to 0.75%	0.76% to 0.85%	0.86% to 0.95%	0.96% to 1.00%
Phoenix NPI Pensions Managed	0.21%	0.00%	0.91%	4.40%	94.48%	0.00%	0.00%	0.00%

The distribution of charges for all other pseudo default funds can be found within this report. For all other investment funds, the distribution of charges are available on the Phoenix [website](#). The charges in the table above and within this report do not include the value adjustment, as described earlier in this report, that will be applied to many customers.

Finally, we are required to publish the charges that apply to each fund that is available to invest in for each individual employer arrangement with Phoenix. We feel that the most effective approach for members to understand the charges applicable to them, and how they compare to the charges of other members or employer arrangements invested in the same fund, is through use of the digital solution described above in conjunction with the distribution of charges set out in this report. However, we do view it as important that we present data that satisfies the regulatory requirements, and this information is available on the Phoenix [website](#).

Although charges may vary, it is not always possible to switch to a lower-charging option within Phoenix and, depending on the features of the current policy, the size of the pot and time to retirement, it may not be in a customer's best interests to do so. However, as mentioned above, it emphasises the importance of customers considering whether their pension pot and the way it is invested with Phoenix remains suitable for them. If you need help in understanding what level of charge you are paying, you should contact your employer, ex-employer or Phoenix to help explain. If you are still working for the same employer, you could ask them how recently their pension arrangements and charges have been reviewed. You should also consider seeking professional advice before making any changes.

Disclosure of costs and charges by individual customer

The table below shows the range of charges applied to individual customers' pension pots for each of the nine main unit-linked funds used by customers within the relevant schemes. Customers can see from their annual benefit statement the name of the funds in which they are invested. For example, the table below shows that, if you are invested in the Phoenix NPI Pensions Managed Fund, most customers, around 94%, pay an ongoing charge of between 0.60% and 0.75%. Some customers are paying a lower charge with around 6% paying 0.59% or less per year.

Some customers pay different types of charges but, in the table below, these have all been converted to an equivalent percentage charge to make comparisons easier.

The data presented allows for the value adjustment some customers will have received to lower their charges to a maximum of 0.75%. As explained in the main report, this value adjustment has been applied through an addition to the number of units you have rather than an explicit reduction in the charge that you pay.

Costs and charges for Phoenix default investment funds by individual

	Ongoing Charges								
Fund name	< 0.30%	0.30% to 0.39%	0.40% to 0.49%	0.50% to 0.59%	0.60% to 0.75%	0.76% to 0.85%	0.86% to 0.95%	0.96% to 1.00%	Transaction cost
Abbey Life Pensions International	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.002%
Abbey Life Pensions Managed	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.005%
Phoenix BULA Pension Growth Fund	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.002%
Phoenix NPI Pensions Managed	0.05%	0.00%	1.60%	4.12%	94.23%	0.00%	0.00%	0.00%	0.104%
Phoenix NPI Pensions Overseas Equity	0.00%	0.00%	4.19%	11.82%	83.99%	0.00%	0.00%	0.00%	0.091%
Phoenix NPI Pensions UK Equity Tracker	0.00%	0.00%	9.27%	8.38%	82.35%	0.00%	0.00%	0.00%	0.011%
Ex-RSALI Managed Growth Fund	0.00%	0.00%	0.00%	84.05%	15.95%	0.00%	0.00%	0.00%	0.003%
Pearl Pensions UK Equity	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.164%
Phoenix Scottish Mutual Growth Pension	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.169%

Disclosure of costs and charges by individual employer arrangement

The table below shows the range of charges applied within each employer arrangement for each of the nine main unit-linked funds used by customers. Customers can see from their annual benefit statement the name of the funds in which they are invested.

Some customers pay different types of charges but, in the table below, these have all been converted to an equivalent percentage charge to make comparisons easier.

The data presented allows for the value adjustment some customers will have received to lower their charges to a maximum of 0.75%. As explained in the main report, this value adjustment has been applied through an addition to the number of units you have rather than an explicit reduction in the charge that you pay.

Costs and charges for Phoenix default investment funds by employer

Fund name	Ongoing Charges								Transaction cost
	< 0.30%	0.30% to 0.39%	0.40% to 0.49%	0.50% to 0.59%	0.60% to 0.75%	0.76% to 0.85%	0.86% to 0.95%	0.96% to 1.00%	
Abbey Life Pensions International	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.002%
Abbey Life Pensions Managed	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.005%
Phoenix BULA Pension Growth Fund	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.002%
Phoenix NPI Pensions Managed	0.21%	0.00%	0.91%	4.40%	94.48%	0.00%	0.00%	0.00%	0.104%
Phoenix NPI Pensions Overseas Equity	0.00%	0.00%	5.62%	8.23%	86.15%	0.00%	0.00%	0.00%	0.091%
Phoenix NPI Pensions UK Equity Tracker	0.00%	0.00%	6.32%	10.30%	83.38%	0.00%	0.00%	0.00%	0.011%
Ex-RSALI Managed Growth Fund	0.00%	0.00%	0.00%	90.17%	9.83%	0.00%	0.00%	0.00%	0.003%
Pearl Pensions UK Equity	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.164%
Phoenix Scottish Mutual Growth Pension	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.169%