Vanguard

Independent Governance Committee

Vanguard Asset Management
Annual Report for 2025

Contents

Summary of key points

Remit

The Independent Governance Committee's (IGC) remit is to assess whether pension investors in drawdown at Vanguard are getting value for money (VFM) after selecting one of four 'investment pathways'. As at the end of 2025 there were 604 investment pathway investors out of a total of 10,750 drawdown investors.

Conclusion and rationale

We agree with the UK financial regulators that VFM is primarily determined by investment performance net of charges, the level of charges, and the variety and quality of support services offered.

The Financial Conduct Authority (FCA) requires us to examine whether better VFM is offered by any other investment pathways provider. We can report that in our opinion Vanguard offers good value for money for most of its investment pathway investors and that we have **not** been able to identify another provider who offers better value.

Notable developments during 2025

1. All Target Retirement Funds (TRFs) showed very positive performance over the year, and they all beat inflation +3%. Over the last ten years all TRFs for 2025 and beyond beat inflation.
2. The increase in the platform charges for pathway investors with less than £32,000 has resulted in a significant minority paying higher charges than the IGC is comfortable with. We continue to work with Vanguard on this issue.
3. In June 2026 Vanguard informed the IGC that they had discovered data errors in the provision of information to the IGC; these had been cumulative in impact since 2021. This report is based on the corrected data. Further detail is contained in section 2.1.1.
4. The new data has significantly altered our understanding of the pattern of withdrawals, changing our prior conclusions. Previously, we expressed concern that most investors who originally said that they did not intend to touch their money for 5 years were taking withdrawals within that period. In the revised data set only 34% had made withdrawals by 2025 (see section 2.8.1)

More details on these and other issues can be found in our main report and appendices.

I hope you find the report interesting and we welcome feedback on it via the help section on the website: https://www.vanguardinvestor.co.uk/need-help

Lawrence Churchill

Lawrence Churchill CBE

IGC Chair

Main report

2.1 Introduction

This is the IGC annual report covering 2025. We have presented data to the year end in the belief that this will make comparisons with other IGC reports easier.

2.1.1 Discovery of historic data errors

In June 2026 Vanguard informed the IGC that they had discovered that their reporting of information to the IGC had been incomplete since 2021. The data errors principally affected the number of Pathway investors, the amount invested, the number of vulnerable investors and their withdrawal activity. We have no indication that any fund performance information was affected. Vanguard has spent a month validating the new data which was released to the IGC in mid-July 2026. At this stage, we prudently regard the new data and the process of validation as providing limited assurance as they have not been subject to independent audit; that said, we acknowledge extensive cross-validations by separate departments.

We invited Vanguard to provide confirmation that there has been no investor impact which they have confirmed as follows:

"The data revision related solely to the reporting data used for IGC reporting and did not impact how clients experience Vanguard's Pathways proposition, affect any customer-facing systems, or result in customer detriment"

While the difference in the number of pathway investors is clearly material for this cohort and has significantly changed the perception of patterns of withdrawal behaviour, a key question is whether it changes our judgement on Value for Money.

Although data values have changed, we are satisfied that our main conclusion that Vanguard has provided good value for money for each of the years since 2021 remains appropriate.

An addendum will be added to previous years' reports with the corrected figures so that the public record is accurate and longitudinally consistent with the new facts.

2.1.2 Changes in membership of the IGC

There have been substantial changes to the composition of the IGC in the final quarter of 2025. One of our independent members retired and both of our Vanguard members have stepped down from the IGC, (one is leaving Vanguard and the other who had been dialling into meetings following his transfer to the USA). I would like to express my sincere thanks to Anna, Vicki and Ankul for their valuable contributions over the years.

Vanguard has decided to enlarge the IGC and has appointed two new independent members, Natalie Winterfrost and Helen Carey to join Lawrence and Dominic; this creates space for three Vanguard members, and we welcome Orla Donnelly, Russ Graham and Kristian Leese to the team. Further details on the backgrounds of individual IGC members can be found in Appendix 1.

The new members of the team have made a substantial impact already. They have (among other things) challenged:

- whether we had reported comprehensively on all matters within our terms of reference (rather than just reviewing them).
- the utility of the in-built glidepath in the TRFs.
- whether we should report on the performance of the liquidity orientated money market fund in option 4 investment pathway.
- whether we should increase our reporting on ESG (Environmental, Social and Governance).

These were all welcome challenges and have helped shape this year's report.

2.2 Scope of IGC in relation to Vanguard products and services

IGCs are a regulatory construct whose primary role is to express an independent view on whether customers are receiving VFM; they were initially focused on workplace pensions (which Vanguard does not offer) but had their scope extended to include investment pathways, which Vanguard has offered its personal pension investors since Autumn 2020. Therefore, the product scope of the IGC at Vanguard is narrow.

The issues which the regulator expects IGCs to comment on are continually evolving and have been extended in recent years, driven predominantly by issues within the workplace pensions market. The regulatory thrust is also continuing to change, and we comment on some of the implications below.

IGCs are required to:

- *Take into account all three key elements of VFM: costs and charges, investment performance and services provided including member communications. The current regulatory thrust is to downplay the level of charges to instead focus on net returns, allowing more expensive assets into the portfolio in the belief that these more expensive assets will perform sufficiently strongly to outweigh the extra charges. The IGC will monitor the evidence for this belief as it evolves.*

- *Assess and report on VFM through comparisons with other options on the market. The regulators are now encouraging the comparison to be against a smaller comparison set, but the comparison should be holistic. The IGC has historically compared the components of value against the best in class for that component, largely because comparative information is more readily available. We support the direction of travel the regulators are taking and encourage the development of an accessible database of comparative information.*

- *Consider whether an alternative would offer better VFM.*

- *Assess whether VFM is being achieved.*

- *Explain how VFM has been assessed and keep relevant evidence for at least six years.*

- *Ensure the investment choices available are regularly reviewed.*

- *Comment on the adequacy and quality of Vanguard's policies regarding ESG financial considerations, non-financial matters, stewardship or other financial considerations.*

As a consequence, the Vanguard IGC is required to comment on an extensive range of topics and yet cover only a few investors who have chosen investment pathways. We believe it is reasonable and proportionate to examine certain general issues (e.g. an investor's understanding of risk) by referring to Vanguard's wider business.

2.3 Vanguard investor characteristics (and our beliefs about them)

All pension investors entering income drawdown without taking financial advice must be offered four options – or investment pathways – among their broader set of choices. Once they indicate that they want to invest in one of these investment pathways, they are asked what they plan to do in the next five years with the money in their pension account.

Specifically, they are asked to choose which of the following options best aligns with their retirement goal:

- **Option 1:** I have no plans to touch my money in the next 5 years.

- **Option 2:** I plan to use my money to set up a guaranteed income (annuity) within the next 5 years.

- **Option 3:** I plan to start taking my money as a long-term income within the next 5 years.

- **Option 4:** I plan to take out all my money within the next 5 years.

The investor is then offered an investment solution that is designed to help them meet their chosen goal.

The IGC has looked in some depth at the asset allocation and the glidepath of the Target Retirement Funds and has raised some questions for Vanguard to consider. Similarly, we have reviewed the difficulty of optimising the asset allocation of the liquidity orientated money market fund in the option 4 investment pathway fund to cover withdrawals at any time in a five-year period.

Importantly, the IGC is satisfied that the investment solutions provided by Vanguard are appropriate.

At the end of December 2025, there were 604 Vanguard investors using investment pathways (compared with 402 in December 2024). This represented just over 6% of all Vanguard Personal Pension investors in drawdown.

The IGC is satisfied that the investment pathways are given equal prominence with other drawdown solutions.

Number of investors in each investment pathway option

PATHWAY OPTION	NO. OF INVESTORS	AVERAGE FUND VALUE (£'000S)
1	289	119
2	2	32
3	266	124
4	47	48

Source: Vanguard, as at 31 December 2025

Vanguard's Drawdown book increased by over 50% in 2025 and the number of investors selecting Pathways increased by 50% as well.

The IGC agrees that the following beliefs held by Vanguard are reasonable:

- Vanguard investors, on the whole, are confident enough to choose their own investments through the digital platform. Those entering pathways, normally towards the end of their investment journey, are non-advised but benefit from two mandatory discussions with Vanguard Pension Consultants.

- More frequent interaction suggests a higher degree of engagement, with 62% of Vanguard's total investor base logging on to their Vanguard account each month.

The IGC therefore believes that there is a greater chance of Vanguard investors accessing and understanding the financial planning literature produced by Vanguard than is typical across the industry.

This literature has been reviewed by independent IGC members and felt to be very relevant and of high quality (Disclosure: some of the literature was authored by Ankul Daga, one of the past IGC members).

Over 4,000 investors access Vanguard's retirement articles in an average month, with around 5,000 accessing them around the UK's tax year-end period.

From the mandatory interviews conducted by Vanguard with all pension investors in drawdown:

- Unprompted awareness of environmental, social and governance (ESG) issues was low and the IGC agrees that there is no evidence to show that ESG is a major concern for investors who choose pathways.

- Access to the government-backed service Pension Wise (which forms part of our drawdown process) was either taken up or deliberately declined.

Vanguard believes it does not typically hold all the pension assets of its investors, so it is difficult for the IGC to comment sensibly on whether any observed behaviour is in line with the investors' financial interests (for example, when it comes to sustainable withdrawal rates).

Investors choosing the option 4 investment pathway (I intend to take all my money within 5 years) receive letters from Vanguard every 6 months, providing a reminder to check if their choice remains appropriate. The average duration of these fund holdings is 23 months, which seems reasonable.

2.4 How we evaluate VFM

The IGC agrees with the FCA and The Pensions Regulator (TPR) that the three key elements of VFM are:

- Delivered investment performance measured over a period of years, net of all investor-borne charges.

- Costs and charges, which have the advantage of certainty and are easier for investors to understand and compare, even if potentially dwarfed by investment performance.

- The array of services offered and the quality of delivery of those services. The DWP/FCA VFM Framework, for example, emphasises the importance of communications which enable investors to make good decisions.

We report growth net of investor-borne charges (for those investors with £32,000 or more invested) in Exhibit 1 below as this is what the investor experiences. However, the comparisons in Exhibit 2 are all gross of charges as this data is more readily available across the industry. We note the Regulators' interest in forward-looking performance metrics and will monitor their development.

The FCA has asked for comparisons with other providers to be included in the VFM appraisal. We believe that this can be done at a high level as there will be differences in data that make like-for-like comparisons difficult. Any industry or trade surveys may use different data or weigh data elements differently. While our comparisons have been done with care and diligence, they have not been independently audited and may contain errors, miscalculations or misinterpretations, particularly where data has been sourced externally.

2.5 Investment performance

Because of the comparatively low number of investors in the annuity (option 2) and liquidity orientated (option 4) investment pathways, we concentrate our analysis on the growth funds in which 92% of the investment pathway investors and 97% of assets were invested. We have however introduced, for the first time this year, a section on the money market fund used in pathway 4 in which 8% of investors are currently invested.

The performance of the Target Retirement Funds (TRFs) used by Options 1 and 3 investment pathways is set out in Exhibit 1 below.

We also compare their performance against a growth standard consisting of consumer price inflation (CPI) + 3%.

Although pension investments are typically assessed over the long term, it is appropriate to consider short-term performance as well, as the pathways have defined objectives for the first five years.

Exhibit 1 shows that the TRFs have delivered strong growth over the short and long term, with both one year and three-year performance above the consumer price index (CPI) + three percentage points across all five TRFs included in the pathways. The five-year performance results were impacted by the volatile market conditions in the immediate post-Covid era and the invasion of Ukraine. Although growth is positive across the five TRFs, performance is below both the CPI +3% and the CPI measures in one instance, whereas the 10-year performance results for the TRFs typically show strong growth with four of the five funds performing above the CPI+3% measure and all of them outperforming CPI. From a VFM perspective the IGC notes that some investors in the TRF 2020 fund for five years have not retained their purchasing power.

Exhibit 1: TRF performance as at 31 December 2025

FUND	NO OF INVESTORS	1 YEAR	3 YEARS	5 YEARS	10 YEARS
TRF 2020	**40**	8.87%	27.01%	23.88%	85.00%
TRF 2025	**298**	10.52%	32.18%	29.74%	99.59%
TRF 2030	**145**	11.69%	35.77%	34.71%	111.80%
TRF 2035	**54**	12.22%	37.98%	39.22%	122.37%
TRF 2040	**8**	12.77%	40.33%	43.92%	133.80%
TRF 2045	**6**	13.31%	42.60%	48.56%	143.53%
TRF 2050	**4**	13.93%	44.37%	51.00%	147.71%
Value of CPI+3% for the period		6.50%	20.45%	48.82%	89.70%
Value of CPI for the period		3.40%	10.22%	28.38%	41.16%

Source: Vanguard, as at 31 December 2025

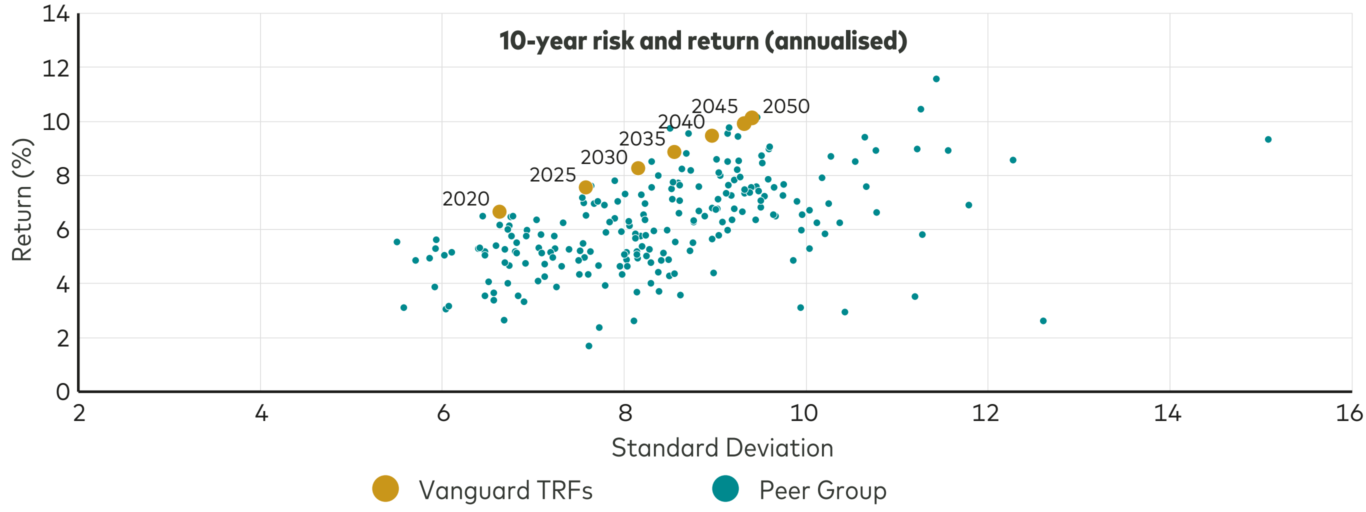
Note: Basis of fund performance NAV to NAV, net of expenses, with gross income reinvested. Past performance is not a reliable indicator of future results. CPI sourced from ONS and as at 31 December 2025, average over time period. *For investors with a balance of £32,000 and greater – for a breakdown of total annual charges see 2.6 Costs and charges.

In Exhibit 2, we compare the risk and return of Vanguard's TRFs used in pathways with all other funds included in the Investment Association (IA) peer group. The comparison includes the 2020, 2025, 2030, 2035 and 2040 TRFs included in the investment pathways.

What we find is that the investment pathways, as represented by Vanguard's TRFs, have performed in line with our expectations. In the long term (10 years), higher risk should be compensated with higher returns. Additionally, if diversified portfolios take additional risk through different asset allocations, such as allocating more to equity securities versus fixed income, they are typically compensated with higher returns. This is illustrated in Exhibit 2 with longer-term TRFs having a higher risk/ return profile than the shorter-term TRFs based on the different portfolio asset allocations as investors approach their retirement age.

As Exhibit 2 shows, the Vanguard TRFs were above most other funds in their respective peer group when evaluating their performance on a risk and return adjusted basis. The simple design of Vanguard TRFs aims to provide pension investors with the opportunity to access equity and bond markets at low cost, in a transparent and simple single-fund solution. We believe the TRF design is an appropriate method of delivering retirement outcomes for the average investment pathway customer for Pathway options 1 and 3. It is important to note that the IA peer group used here does not show how the investments Vanguard has selected for each of the pathway options compares with pathway solutions offered by other providers. This means it does not give a complete picture of how the investments behind each of the four options compare with competitors. Although other providers may use different investment approaches, with different levels of risk and asset mixes, we believe the comparison is still important. We plan to carry out more work on this area in 2026.

Exhibit 2: TRF risk and return performance over 10 years versus all peers in the Investment Association peer group (1 March 2016 – 28 February 2026)



Source: Morningstar Direct, as at February 2026. The peer group is the IA Mixed Investment 20-60% Shares and IA Mixed Investment 40-85% Shares. Currency GBP.

Note: Returns were before deducting platform/account fees. All TRF returns are for accumulation share classes. Past performance is not a reliable indicator of future results.

Investors choosing pathway options 1 or 3 are allocated to a TRF fund by an algorithm based on their age and pathway choice and following the logic of a traditional glidepath that reduces equity exposure as one approaches drawing down from the fund. Implicitly performance is sub-ordinated to reduced volatility. The IGC looked at this algorithm in 2020 and concluded it met the needs of customers; our review in 2025 concentrated on the shape and duration of the glidepath and we have raised a number of questions with Vanguard, which they will address during 2026.

2.5.1 Money Market Fund

The Sterling Short-Term Money Market Fund is used for investment pathway option 4. The fund is designed to have a capital preservation and liquidity-orientated profile as investors may want to withdraw their money at any time during the next five years. Cash-orientated investments typically do not keep pace with inflation, so letters are sent every six months to remind investors that they are in this fund. The investment objective of the fund is to provide capital stability, liquidity and income through diversification. As of 31 December 2025, the fund has returned 4.23% over one year, 14.55% over three years, and 15.95% over five years. Currently 8% of pathway investors (3% of funds) are invested in this option. Atypically for money markets, investment returns have beaten inflation over one year and three years.

2.5.2 Market comparisons

We set out in Appendix 7, the broad market comparisons published by Vanguard in its annual Assessment of Value Report (p26). The comparison is against the peer group of funds on Morningstar.

The results show that for the TRFs dated between 2020 and 2035 used by pathway investors, TRF performance is equal to or better than the Morningstar peer average.

2.6 Costs and charges

The charges for the TRFs are shown in Exhibit 3 and show investment charges and transaction costs. The total charges including platform fees fall within a 0.42%-0.46% range for investors with over £32,000. Any differences are the result of higher allocations to fixed income assets, resulting in higher transaction costs.

2.6.1 2025 Increase in charges

Vanguard increased their platform charges for investors with less than £32,000 during 2025. It was always likely that the increase would cause the IGC's judgement on VFM to change and so it has proven. For the past five years we have used a reference point, derived from broad market data, of 0.50% for all investor borne charges, so that any investor paying less than this is deemed to be getting good VFM on charges. The 0.50% comparison includes the large Workplace pension schemes which generally charge less than individual pensions.

We have begun an exercise to see if the historic reference point of 0.50% is still appropriate and will report on our findings.

We have also asked Vanguard for more details on the investors with less than £32,000 and suggested that anyone who previously had higher fund balances but was now at the end of their withdrawal stage could be treated with consideration.

Vanguard has been monitoring the position throughout 2025 and has been writing to investors who were most impacted by increased charges because of low fund balances. Some investors responded by simply increasing their balances. However, at the end of 2025, there were 83 pathway investors (14%) with balances below £32,000. These investors may not pass IGC's value assessment as they may be charged more than 0.50%.

Vanguard and the IGC are aligned in wanting to ensure that investors bearing the higher charges are fully informed in advance and are able to increase their balances or remove their funds. The IGC has seen the letters which Vanguard has sent and the follow-up letters when no action has been taken. Ultimately, it is for investors to decide whether to bear the increased charges based on their individual situation (for example, withdrawals may attract tax which they do not wish to incur, or they may have a greater tolerance for the charges due to them being relatively low in absolute terms).

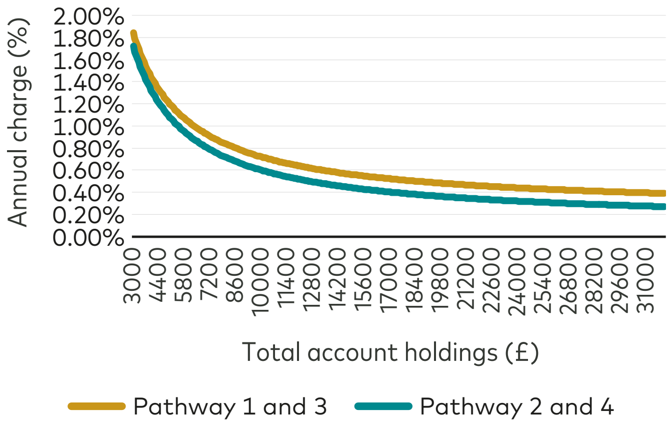
Whilst we acknowledge that clients holding below the thresholds could take action such as adding money to their account or withdrawing the amount of money in their pathway account we believe they are less likely to do so for the following reasons:

- Pathway clients will be decumulating their pension and spending the money and may not have additional funds to invest in their accounts.

- Pathway clients withdrawing money from their pension are likely to incur a tax liability if they made an immediate withdrawal when they have no need to spend the money.

The IGC agrees with Vanguard that pathway clients with less than £32,000 on the platform are at risk of not receiving value for money due to the new pricing structure. As shown in the chart below, pathway clients with very small amounts in their account are paying charges (including both the account fee and the investment charges) of 1.84% if they are in Pathways 1 or 3 and 1.72% if they are in Pathways 2 or 4.

Vanguard charges by total account holdings



The IGC has also asked for information on the vulnerability of these investors and whether special measures are being taken for those flagged as vulnerable.

Investment pathways investors pay two main costs: fund management costs and an account fee.

Fund management costs include:

- **Ongoing costs:** This includes the ongoing charges figure (OCF), which is paid to Vanguard for managing the fund and associated costs. These fees are deducted from the price of the fund.

- **Transaction costs:** These are the charges incurred within the fund for buying and selling the underlying investments. They include dealing costs and taxes. These charges are not paid to Vanguard but are deducted from the fund's price and reflected in the performance of the fund.

2.6.2 Account fee

The amount an investor pays is based on the overall value of the Account(s) they hold with Vanguard, excluding cash. Where the balance of the invested assets in an investor's Account(s) is below £32,000, Vanguard charges an account fee of £4 per month (except for Junior ISAs). This accrues proportionally across the month for each day someone is invested. At and above £32,000, the investor will be charged 0.15% per annum. Where the Account balance moves between the levels shown during the quarter, Vanguard works out the fee based on the investor's average balance for that period. The Account Fee is subject to a maximum annual charge of £375.

Also shown in Exhibit 3 are the fund costs associated with investment pathways option 4, where the aim is to preserve the value of capital because an investor has indicated their intention to withdraw all their money within five years.

As part of its VFM assessment, the IGC is required to compare the Vanguard offering with a small number of alternative options available on the market. As Vanguard is marketed directly to consumers rather than being available through an employer, the IGC has chosen providers who participate in the MoneyHelper Pathway Comparison Tool[1] and the largest providers of personal pensions, including self-invested personal pensions or SIPPs (see Appendix 4). We have not included schemes available through employers, such as Master Trusts, but will keep this under review for future reports.

The comparators we have chosen had a variety of different charging structures during 2025, as detailed in Appendix 5.

[1] https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/drawdown-investment-pathways

Changes to the charging levels for the comparators since our last report have been minor and include:

- One firm increased the size of portfolios which paid its lower fixed platform fee to all those with account holdings below £100,000. It also increased the fixed platform fee for those with account holdings over £100,000 by £2 a month (£24 a year). There was also a reduction of 0.02% in the investment charges for those in Pathway 1 due to a cut made by the external fund manager.

- One firm increased the cost of Pathway 2 by 0.15% due to a change in the fund used.

- One firm replaced a tiered platform charge (where the platform charged reduced as account holdings increased) with a flat platform charge of 0.35%. This reduced charges by 0.05% for those with account holdings worth less than £50,000 and a smaller reduction in charges for those with portfolios worth less than £275,000, and increased charges for those with account holdings worth more than £275,000.

- One firm reduced its platform charge by 0.10% for those with account holdings worth less than £250,000. This also reduced charges for those with higher account holdings as it was charged on the first £250,000 of account holdings. The firm also introduced a £1.95 per trade charge for funds.

- One firm reduced the charges for those with account holdings below £46,600 by 0.15% (from 0.90% to 0.75%).

- One firm reduced the investment charges in Pathway 1 and Pathway 3 by 0.03% and reduced the investment charges in Pathway 4 by 0.05%.

The overall impact of these changes has reduced the average charges of the comparators by 0.03% for those clients with lower account holdings and reduced the average charges by 0.01% to 0.02% for those with higher account holdings.

The tables in Appendix 6 show the costs and charges of Vanguard and the comparators for a variety of portfolio sizes. The following broad conclusions can be drawn:

For a portfolio size of £10,000, Vanguard is now 0.11% above the market average charge for pathway 1, 0.05% above the market average charge for pathway 3 and 0.02% above the market average charge for pathway 4. For pathway 2, Vanguard is very close to the market average.

Vanguard is generally the lowest-cost provider or within 0.01% to 0.05% of the lowest-cost provider across all investment pathways for portfolios worth between £25,000 and £100,000 and always the lowest-cost provider where the comparators do not charge additional trading fees.

Above £250,000, Vanguard's total costs are normally within 0.05% to 0.14% of the lowest-cost provider, where the comparator charges additional trading fees. Where comparators do not charge additional trading fees, Vanguard is either the lowest-cost provider or generally within 0.02% to 0.05% of it.

For all of the portfolio sizes over £25,000 Vanguard costs and charges are well below average – normally between 0.10% and 0.20% lower than the market average.

None of the comparators offer lower costs than Vanguard across all portfolio sizes.

For the average amount invested in investment pathways option 1 (approximately £119,000), Vanguard is the lowest-cost provider that does not charge additional trading fees and within 0.08% of the lowest-cost provider that does.

For the average amount invested in investment pathways option 3 (approximately £124,000), Vanguard is the lowest-cost provider that does not charge additional trading fees and within 0.09% of the lowest-cost provider that does.

For the average amount invested in investment pathways option 4 (approximately £48,000), Vanguard is the lowest-cost provider that does not charge additional trading fees and within 0.02% of the lowest-cost provider that does.

Exhibit 3: A breakdown of fund charges and transaction costs (excluding platform costs)

	ONGOING FUND COSTS	TRANSACTION COSTS
Target Retirement Fund 2020	0.24%	0.07%
Target Retirement Fund 2025	0.24%	0.05%
Target Retirement Fund 2030	0.24%	0.05%
Target Retirement Fund 2035	0.24%	0.05%
Target Retirement Fund 2040	0.24%	0.04%
Target Retirement Fund 2045	0.24%	0.04%
Target Retirement Fund 2050	0.24%	0.03%
UK Short-Term Investment Grade Bond Fund	0.12%	0.00%
Sterling Short-Term Money Market Fund	0.12%	0.11%

Source: Vanguard, as at 31 December 2025.

2.7 Services

The services offered for investment pathway investors include:

- An online description of the available options.
- The provision of a retirement pack.
- Two mandatory meetings with a Vanguard Pension Consultant (which covers retirement plans, risk appetite, and product selection), with a hand-off to Pension Wise.
- A range of educational articles dealing with discrete aspects of retirement (including cognitive decline and power of attorney).
- Retirement income calculators.
- Vulnerable investor protocols, including protection against scams.
- Pension payment services.
- Clear and high-quality communications.
- Stewardship of the Companies invested in.
- Multi Factor Authentication to improve digital security for investors.

As part of Vanguard's Consumer Duty work, the IGC has been kept abreast of the work undertaken to ensure compliance and in particular, work on communications and customer journeys, including evidencing good outcomes for investors and the use of external parties to provide independent review.

Early in 2024, the IGC held a deep dive into customer insight research which Vanguard had conducted, supplemented by focus group research conducted by Boring Money. Whilst this work has been focused on the wider Vanguard UK personal investor client base, it is useful to understand where pathway investors potentially sit in terms of their financial knowledge, broader retirement planning, risk awareness and attitude to financial advice and how these insights align with Vanguard's assumptions on the types of investors using pathways. Much of the research supports assumptions the IGC has made and referred to in our previous annual reports – for example, the belief that Vanguard pathway investors often have additional pension assets outside of Vanguard and that they are confident enough to choose their own investments through the digital platform.

Vanguard's broader personal investor business now invites approximately 40,000 investors per month to take part in a relationship tracking survey, measuring net promoter scores (NPS) (up from approximately 20,000 invites previously). Although the survey is not aimed specifically at investment pathway investors, the IGC recognises that some of the underlying themes from the survey results are relevant to pathways investors.

It demonstrates that Vanguard's wider investor client-base values the easy-to-use website and great customer service. Vanguard's reputation and trust in the brand were also cited as a key reason why investors choose them.

The IGC has reviewed the complaints data and we can confirm that there have been no complaints so far in respect of investment pathways. We draw confidence from the fact that not a single pathway investor has raised a complaint in the past five years.

As part of our assessment of the quality of services provided by Vanguard to pathway investors, the IGC considered whether communications are fit for purpose and appropriately reflect the characteristics, needs and objectives of investors. We have reviewed key communications, including pathway selection journeys and supporting materials, and we have assessed whether these clearly explain the purpose of each pathway, the associated investment approach, and the implications of investor decisions over the relevant five-year horizon.

The IGC has also considered whether communications are sufficiently clear, balanced, and accessible for a largely non-advised audience, including the extent to which they support objective-based decision making and avoid introducing unintended bias. Based on this review, we are satisfied that communications are generally aligned with the needs of pathway investors, while continuing to monitor opportunities for further clarity and consistency where appropriate.

Financial transactions are processed promptly, and the investor suffers no detriment in the event of any delay. Vanguard has Service Level Agreements in place across its platform. As part of its oversight, Vanguard monitors overall investor payment activity for timeliness and accuracy in producing illustrations, processing retirement instructions and making payments to investors. During 2025, Vanguard has confirmed standards for overall investor payment activities across pension administration (which includes investment pathways) have been met for over 91%, achieving a 'Green' internal rating.

During 2025, the IGC sampled Vanguard's quality monitoring process as part of its review of the mandatory onboarding calls. The calls sampled were of acceptable quality.

2.7.1 Investment stewardship and Environmental, Social and Governance (ESG) matters

Vanguard's Investment Stewardship programme has a clear mandate to safeguard shareholder returns with the goal of giving investors in Vanguard funds the best chance for investment success.

With respect to portfolio companies held within investment pathways, Vanguard's Investment Stewardship does not seek to influence or dictate company strategy or operations, nor do the Funds submit shareholder proposals or nominate board members. Rather, Vanguard's Investment Stewardship is built on the belief that a well-composed board of directors, overseeing a properly incentivised management team, is best positioned to determine the best strategies and tactics that drive long-term shareholder returns at a given portfolio company.

Vanguard's Investment Stewardship's analysis of companies' corporate governance practices is centred on four pillars of good corporate governance and a focus on promoting long-term shareholder returns for the Funds and their investors.

The four pillars are:

- Board composition and effectiveness
- Board oversight of strategy and risk
- Executive pay
- Shareholder rights

These four pillars of good corporate governance guide Vanguard's Investment Stewardship efforts when engaging and voting on corporate governance practices on behalf of the Funds. The pillars are the foundation of the Funds' proxy voting policies, and each pillar links back to Vanguard's focus on safeguarding and promoting long-term shareholder returns.

The IGC met members of Vanguard's Investment Stewardship team to discuss both the proxy voting and stewardship policies and how they have been implemented in practice, in order to consider the adequacy and quality of Vanguard's stewardship approach. The IGC was able to satisfy itself in both regards.

Vanguard publishes an annual report on its investment stewardship activities, which can be accessed here. Regionally focused documents that reported on stewardship activities during the year ended 30 June 2025 can be found here.

Vanguard's UK and Europe proxy voting policy can be found here – VCM UK and Europe Proxy Voting Policy

In addition to the investment stewardship and engagement programme, Vanguard does offer Environmental, Social and Governance (ESG) index products that enable investors to choose to avoid or reduce exposure to certain ESG risks. Vanguard also offers active ESG funds that aim to deliver sustainable, long-term growth alongside an emphasis on certain ESG considerations. These products do not form part of the current investment pathway funds offered but are available to those wishing to 'self-select' their fund choice.

The IGC has not received any feedback from Vanguard's pathway investors that Vanguard's stewardship and engagement approach or ESG fund offering is of concern to them, and this is echoed in the research undertaken with Vanguard's broader personal investor client base.

The IGC met members of Vanguard's ESG team to discuss Vanguard's approach to ESG and how its policies have been implemented in practice, in order to consider the adequacy and quality of Vanguard's ESG approach both in terms of financial and non-financial considerations as well as other financially material risks. The IGC was able to satisfy itself in both regards.

The IGC will continue to monitor the adequacy and quality of Vanguard's policy in relation to ESG financial considerations, non-financial matters, and the adequacy and quality of their stewardship policy and other financial considerations.

2.8 Topical issues in 2025

There are two areas commanding IGC's continuing interest.

2.8.1 Withdrawal rates (both sustainable and sporadic)

A key decision investors face is the rate at which they will withdraw money from their defined contribution pension. This is a very complex decision, and research has found that many people feel confused and overwhelmed by such withdrawal decisions.

The new corrected data has almost doubled the sample size and has simplified the concern that IGC had reported on in the last two years about the majority of investors apparently making withdrawals. In the new data set, those investors who said they had no plans to touch their money for five years but have made withdrawals was 20% in 2023, 28% in 2024 and 34% by 2025. However, it is not unreasonable that this will rise as we approach the end of that five year period.

There can be numerous reasons to explain why higher withdrawals might be the case. The working hypothesis is that "life happens" and individual plans change over time. There is no evidence of consumer detriment in these analyses as we simply do not know how much of an investor's assets for retirement Vanguard holds. However, behaviour not in line with the pathway intent does reinforce the IGC's view of the importance of the pathway onboarding experience, in particular the mandatory discussions with a Vanguard Pension Consultant, as well as the annual statements. The IGC also wants to ensure that these processes help pathway investors understand the principles around sustainable withdrawal rates and the potential implications of making regular withdrawals at rates which might not be sustainable in the longer term. Those in pathway option 4 (the cash pathway) continue to receive letters every six months reminding them that they are in an asset which has historically failed to keep up with inflation.

2.8.2 Vulnerable investors

Vanguard's UK Vulnerable Clients Policy sets out the definition of a vulnerable client and the high-level considerations that Vanguard must adhere to when considering outcomes for investors.

A vulnerable investor is defined as "someone who, due to their personal circumstances, is especially vulnerable to detriment, particularly where a firm is not acting with appropriate levels of care". In line with FCA guidance, Vanguard places vulnerability into four categories:

- **Health:** where the ability to carry out day-to-day activities is reduced through health conditions or illness.
- **Life events:** where someone may have been impacted by something upsetting in their lives such as a bereavement, job loss or relationship breakdown.
- **Resilience:** whether someone has a low ability to withstand financial or emotional shocks.
- **Capability:** where someone has a low knowledge of financial matters or low confidence in managing money (financial capability), or a low capability in other relevant areas such as literacy or digital skills.

To achieve good outcomes for vulnerable investors, FCA guidance[2] says firms should:

- Understand the needs of their target markets/ investor base.
- Ensure their staff have the right skills and capabilities to recognise and respond to the needs of vulnerable investors.
- Respond to investor needs throughout product design, flexible investor service provision and communications.
- Monitor and assess whether they are meeting and responding to the needs of investors deemed vulnerable and make improvements where this is not happening.

Vanguard staff are encouraged to look out for indicators of vulnerability and, where appropriate, record it so that investors could be provided with appropriate support. Following the publication of the FCA review "Delivering good outcomes for customers in vulnerable circumstances, good practice and areas for improvement" in March 2025, Vanguard enhanced its practice, governance and oversight. Its Vulnerable Client Forum and Steering Group meets regularly to discuss case studies identified, stress-test the policy and identify improvements. Better identification and training has now resulted in 10% of pathway investors being flagged as vulnerable (numbering 59 in total).

The IGC has no material concerns about the Vanguard approach to vulnerable investors but suggested that the Vulnerable Clients Framework could be updated to include greater reference to those potentially vulnerable to pension scams and new categories of vulnerability, such as people who had inherited drawdown accounts.

The IGC received reports from the Vanguard Vulnerable Client Forum during the year and previously from an external expert Dr Chris Fitch who shared leading edge thinking on the topic.

[2] https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf

Finally, the IGC highlighted that going forward it was important sufficient attention continued to be given to measuring and monitoring outcomes for vulnerable investors, to ensure they experienced outcomes at least as good as non-vulnerable investors. The IGC noted that phone remains the channel where vulnerabilities are most likely to be identified and challenged Vanguard to consider how vulnerabilities might be identified when investors use other channels.

2.9 Other industry surveys and market comparisons

The IGC has sourced cross-market investment performance from peer groups based on Morningstar and Investment Association data. It has also reviewed the Assessment of Value Report which Vanguard produces for the Financial Conduct Authority. It is also required to select a small number of industry comparators and use reasonable endeavours to compare them. For 2025, we have referenced publicly available comparisons from Hymans Robertson on investment-pathway fund solutions and the annual 'Best Buy' comparisons by Which?, the consumer champion.

The Hymans analysis, published in 2025 but based on 2024 data, compares 8 retail (including Vanguard) and 5 workplace propositions. Hymans do not draw any conclusions from the survey but do highlight some interesting patterns in the results. The IGC notes that:

- For investment pathways option 1 and 3, the platform charges were on average 0.30% compared with Vanguard's 0.15%.
- The average investment fees were around 0.32% compared with Vanguard's 0.24%.
- The mandatory interviews with a Vanguard Pension Consultant is a differentiated characteristic.
- Fund performance was well positioned against other firms with higher returns for a higher level of risk.

As such, the Hymans survey shows Vanguard as a low-cost provider for retail schemes. We have recently received the Hymans report for 2026 which indicates significant reductions in both platform and investment charges. Total fees in the survey now average 0.44% including (cheaper) workplace schemes.

In addition, consumer champion Which? has named Vanguard a Which? Recommended Provider for SIPPs for the last six years. See Appendix 4 for the list of firms analysed.

3 Conclusion

Based on the data and analysis in this report and specifically noting that:

- The Target Retirement funds are appropriate for Pathway investors needs and that the money market fund is conservatively invested.
- Fund performance net of all investor borne charges has beaten inflation for all funds and all periods from 1 to 10 years (with one exception).
- Fund performance is equal to or better than the Morningstar peer average.
- Charges for investors with more than £32,000 invested are lower than comparator firms and Vanguard is actively addressing the smaller funds which may be at risk of poorer value for money.
- Services offered to investors are of a high standard: communications to investors are clear and designed to enable them to make good decisions; ESG policies are comprehensive and carried out in practice; stewardship reports are produced regularly; vulnerable investor identification has been enhanced and better monitoring systems introduced.
- No complaints have ever been made by Pathway Investors.

The IGC concludes that Vanguard is offering good VFM to the majority of its investment pathway investors. We have not discovered any other provider offering better value for those with pot sizes over £32,000.

In drawing this conclusion, the IGC acknowledges that longer term fund performance net of all customer borne charges continues to deliver real returns. Vanguard's cost and charges are also lower than most competitors and we believe that the quality of their services are at least on a par with alternative providers.

Appendix 1

IGC membership – to September 2025

Lawrence Churchill CBE

Independent Chairman

Lawrence has worked in pensions for over 50 years to try to make the system work well for consumers as well as providers. He was CEO of three insurance groups and, as a non-executive, he was the inaugural chair of both the Pension Protection Fund and National Employment Savings Trust, chair of the Financial Services Compensation Scheme, a member of the Board for Actuarial Standards and Chairman of the Pensions Policy Institute. He currently chairs Clara Pensions, a consolidator of Defined Benefit Pension Schemes, the International Longevity Centre (UK) and is the Independent Chair of the Joint Negotiating Committee for the Universities Superannuation Scheme.

Anna Eagles

Director, Law Debenture

Anna is an experienced professional trustee and represented Law Debenture on a number of boards and committees, including the Aviva Master Trust board. She is an accredited member of the Association of Professional Pension Trustees. As well as being a trustee, Anna sat on the governance bodies for contract-based pension arrangements (under the FCA's regulatory structure).

Anna is also a qualified actuary, with over 20 years of consulting experience in pensions and employee benefits. She is passionate about helping improve people's retirements and savings outcomes through better governance, value for money, information, and education.

Dominic Lindley

Independent Member

Dominic is an independent consultant specialising in pensions, financial services and consumer protection. He has worked for the Financial Services Consumer Panel, Which? and New City Agenda, delivering improvements for consumers, including a cap on pension charges and stronger protection against payment scams.

Following the introduction of pension freedoms he has written several reports on how consumers can be helped and supported to make better decisions when accessing their pensions. He is a member of the advisory group appointed by the government-sponsored Money and Pensions Service (MaPS) to advise on the development of pension dashboards – online tools that will enable consumers to find and view their pensions information.

Ankul Daga

Senior Manager & Investment Strategist, Vanguard

Ankul's responsibilities include research on goals-based investment strategies, building enterprise research models and meeting clients to provide a Vanguard perspective on long term investment implications. He covers a broad range of topics, including portfolio construction, multi-asset investing, retirement strategies, passive and active investing and adviser best practices.

He has over 15 years of Investment experience across trading, advisory and research functions. He joined Vanguard from Coutts, where he was asset allocation director. Prior to that, he has held investment roles with Merrill Lynch and Barclays He earned an MSc in Financial Mathematics from Warwick Business School and is pursuing an MBA at the Wharton School of the University of Pennsylvania. He is also a CFA® Charterholder and contributes to the Investment Association's DC Committee.

Victoria O'Keefe

Senior Manager, Distribution, Vanguard

Victoria has worked in the investment management industry for almost 30 years. She is currently a senior manager within Vanguard's UK and European distribution department where her role is primarily focused on managing change initiatives. During the nine years she has been at Vanguard she has managed the European client service team and participated in several service and sales enablement projects.

Prior to joining Vanguard, Victoria spent 13 years at Schroders Investment Management within their UK institutional client business. She also worked for Coutts & Co as an investment officer. Victoria holds the Chartered Institute of Bankers Certificate in Offshore Trust & Company Administration, the Investment Advice Certificate and the Investment Management Certificate.

Appendix 1

IGC membership – September 2025 onwards

Lawrence Churchill CBE

Independent Chairman

Lawrence has worked in pensions for over 50 years to try to make the system work well for consumers as well as providers. He was CEO of three insurance groups and, as a non-executive, he was the inaugural chair of both the Pension Protection Fund and National Employment Savings Trust, chair of the Financial Services Compensation Scheme, a member of the Board for Actuarial Standards and Chairman of the Pensions Policy Institute. He currently chairs Clara Pensions, a consolidator of Defined Benefit Pension Schemes, the International Longevity Centre (UK) and is the Independent Chair of the Joint Negotiating Committee for the Universities Superannuation Scheme.

Dominic Lindley

Independent Member

Dominic is an independent consultant specialising in pensions, financial services and consumer protection. He has worked for the Financial Services Consumer Panel, Which? And New City Agenda, delivering improvements for consumers, including a cap on pension charges and stronger protection against payment scams.

Following the introduction of pension freedoms he has written several reports on how consumers can be helped and supported to make better decisions when accessing their pensions. He is a member of the advisory group appointed by the government-sponsored Money and Pensions Service (MaPS) to advise on the development of pension dashboards – online tools that will enable consumers to find and view their pensions information.

Helen Carey

Independent Member

Helen has over 25 years' experience in DC pensions, investments, and governance. She is a Director of AV Trinity, a Chartered Independent IFA firm in Tunbridge Wells, and sits as an independent member of the Legal and General IGC. Until September 2025 Helen also served as an independent member of the Hargreaves Lansdown IGC.

Helen brings extensive senior leadership experience, with expertise spanning FCA and TPR regulatory frameworks, pensions and investments, governance and risk management, consumer duty, and customer experience.

A Chartered Financial Planner and Fellow of the Personal Finance Society, Helen is also a qualified Pension Trustee and an accredited member of the Pensions Management Institute. She holds further qualifications in sustainable finance, investment management, and project leadership, and continues to contribute to professional standards through her work as a senior examiner for the Chartered Insurance Institute.

Helen is passionate about good member outcomes and financial education, having been a financial adviser for over twenty years, and played an active role in improving financial understanding in schools and in the workplace.

Natalie Winterfrost

Independent Member

Natalie is Head of Pensions at Law Debenture, overseeing their pension trustee and governance business. She is trustee to some of the UK's largest occupational pension schemes as well as trustee to a commercial DC mastertrust. She acts as chair or chair of investment committee on most of her appointments.

Before moving into professional trusteeship in 2020, Natalie worked in a variety of industry roles including asset management, investment consulting and pension actuarial. She has always been an active industry participant with a mission to contribute to the efficient functioning of markets and to help ensure financial services are delivering for society as a whole. She is the past Chair of the CFA UK and has served on many other industry bodies and committees, including twice chairing the Investment Committee of the Society of Pension Professionals.

Orla Donnelly

Senior Manager, Fund Ecosystem Operational Resilience & Oversight, Vanguard

Orla Donnelly is a senior leader in Vanguard's Fund Ecosystem Operational Resilience function, with over 15 years of experience in global financial services. Focused on strengthening operational resilience across the fund ecosystem, ensuring continuity and compliance in critical processes, designing robust frameworks for incident response, third-party risk management, and business continuity planning aligned with regulatory standards across multiple jurisdictions.

Academically, Orla holds a BSc in Finance from Queen's University Belfast, is a qualified Chartered Certified Accountant (ACCA), and earned an MBA from Drexel University. In 2023, Orla completed the Certified Investment Fund Director programme at the Institute of Banking, further strengthening expertise in fund governance and fiduciary responsibilities.

Kristian Leese

Director – Financial Control, UK, Vanguard

Kristian has worked in financial services for over 20 years. He is a fellow of the Institute for Chartered Accountants in England & Wales (ICAEW) and a member of the Chartered Governance Institute UK & Ireland. Kristian sits on the Prudential Committee at the Investment Association and has an Economics degree from the University of Nottingham.

In his role at Vanguard, Kristian is responsible for corporate financial and regulatory reporting across our UK enterprise. He also prepares capital and liquidity modelling to ensure that Vanguard has sufficient financial resilience.

Prior to joining Vanguard, Kristian spent 7 years in audit with KPMG and BDO, specialising in investment funds. He was previously the UK financial Controller for AIG (a global insurance company) and was a Vice President at Aureum Re, a global reinsurance company which focused on fixed and indexed annuity products.

Russell Graham, CFA

Head of Product Enablement, Europe

Russell leads the Product Enablement Team for PRD Europe, which is responsible for implementing product initiatives such as fund launches and changes, oversight and monitoring of Vanguard's European investment product range, and enabling the data and technology needs across PRD.

Russell joined Vanguard in 2019 after 3 years at Legal & General Investment Management as a Product Principal, where he led product strategy and development initiatives for the firm. Prior to this he spent 16 years at BlackRock and Barclays Global Investors (BGI), which merged with BlackRock in 2009. While at BlackRock, Russell spent 5 years in the firm's ETF business (iShares) as Head of Product Management for EMEA. Prior to this, he was Head of Portfolio Management for BGI's European Cash Management Group and was a senior portfolio manager in US cash management.

Prior to joining BlackRock, Russell was a fixed income portfolio manager at Scudder Kemper Investments and began his career in the graduate programme at Franklin Templeton Group.

Russell earned a BS degree in Finance from Santa Clara University, an MS degree in Finance from Golden Gate University and is a CFA charterholder.

Appendix 2

Workplan for 2026

1. Continue to monitor the investment performance and the costs & charges of Vanguard's investment pathway funds, including the VFM received by those whose fund balance is below £32,000.
2. Continue to develop information on comparator providers to support a more focused approach to our main competitors.
3. Develop more information and insight on Vanguard's pathway customers and their views, in particular:

- Their vulnerability.
- Their access to relevant Vanguard's communications.
- Their overall customer satisfaction.

4. Continue a programme of call monitoring of the client onboarding calls.
5. Receive conclusions from Vanguard's review of asset allocation, glide path design and of the algorithm which allocates investors to TRFs.

Appendix 3

Jargon buster

Annuity
Product providing guaranteed income that is purchased through a life insurance company.

Annuitise
To convert an investment into a product providing guaranteed income.

Drawdown
The process of taking income from your pension pot while it remains invested.

ESG
Environmental, social and (corporate) governance.

FCA
Financial Conduct Authority – the UK regulator for financial services.

IGC
Independent Governance Committee – independent professionals assigned to assess Value for Money on Investment Pathways.

Investment pathways
Pre-defined single-investment funds for specific retirement choices.

Non-advised
Term used where an investor has not received financial advice on their investment transactions and decisions.

Pension Wise
Free government service explaining pension options to consumers.

SIPP
Self-invested personal pension – a type of pension that enables an individual to self-select their investments and generally offers them a wider range of choice and flexibility.

Stewardship
Relates to the management and oversight of investment funds.

Target date fund/Target Retirement Fund
A type of investment fund that de-risks over time by the altering its asset allocation based around a set date, normally a chosen retirement date.

Transaction costs
Underlying costs incurred when transacting in shares and bonds.

Vulnerable investor
Investor who may have a vulnerability through health, life events or as a victim of a scam.

Workplace pension schemes
Employer-sponsored pension schemes.

Appendix 4

Comparator details

The firms included in the cost & charges comparison are:

AJ Bell
Aviva
Fidelity
Hargreaves Lansdown
Halifax
Interactive Investor
L&G
Pension Bee
Royal London
Scottish Widows
Standard Life
Willis Owen

The firms included in the Which? 'Best Buy' analysis are:

Aegon
AJ Bell
Barclays Smart Investor
Fidelity
Halifax Share Dealing
Hargreaves Lansdown
Interactive Investor
Moneybox
Standard Life
Vanguard

Of these, Which? awarded Recommended Provider status to AJ Bell.

Appendix 5

Additional data on costs and charges

Like Vanguard, some investment pathway providers have fund management charges and separate account/ platform fees. The account or platform fees can vary by the size of the investments held with the provider. The account or platform fees can also be tiered so that once a portfolio reaches a certain size, the fees are reduced on amounts above this size.

Two providers have all-in-one charges and both offer discounts on charges once the total amount invested gets to a certain size. Some of the comparators also have additional charges such as charges for trading funds or charges if the entire pension fund is withdrawn within 12 months. Therefore, the total charges incurred by investment pathway investors can depend on the investment pathways they choose, the total size of their investment portfolio at the start of the period, the degree of investment growth and their behaviour in terms of whether they make any trades or other transactions.

The charges for investing in the investment pathway funds on other digital platforms are set out in the table below.

	PATHWAY 1	PATHWAY 2	PATHWAY 3	PATHWAY 4	ACCOUNT / PLATFORM FEE	NOTES
Firm 1	0.20%	0.07%	0.24%	0.10%	£0 to £100k – £5.99 per month. £100k + – £14.99 a month	£3.99 per trade
Firm 2	0.50%	0.85%	0.85%	0.50%	None	Fee is halved on the amounts invested over £100,000
Firm 3	0.10%	0.20%	0.10%	0.10%	£0 to £30k – 0.9%; £30k to £50k – 0.40% £50k to £250k – 0.30%; £250k to £500k 0.25%; £500k to £1 million 0.20%; £1m+ – 0.10%	
Firm 4	0.15%	0.15%	0.15%	0.15%	£0 to £500k – 0.35%; Amounts above £500k – 0.00%	
Firm 5	0.31%	0.14%	0.31%	0.14%	0.25%	
Firm 6	0.25%	0.25%	0.40%	0.15%	Less than £7.5k – 0.35% if you have a regular savings plan or £90 if you don't; £7.5k to £250k 0.20% a year for the first £1 million	
Firm 7	0.14%	0.15%	0.30%	No explicit charges	£0 to £250k – 0.35%; £250k to £1 million – 0.25%; £1m - £2m – 0.10%; Value over £2 million – No charge	£1.95 per trade
Firm 8	0.09%	0.09%	0.09%	0.10%	Platform charge of 0.45%	
Firm 9	0.31%	0.31%	0.31%	0.31%	0.25% up to £250k; 0.1% between £250k and £500k; 0 above £500k	
Firm 10	0.14%	0.11%	0.14%	0.15%	£0 to £100k – 0.4%; £100k to £250k – 0.25%; £250k+ – 0.	
Firm 11	0.14%	0.11%	0.14%	0.05%	Platform charges – 0.25% capped at £198 per year.	£9.50 per trade
Firm 12	All pathways charged by total portfolio size				£0 to £46,600 – 0.75%; £46,600 to £93,200 – 0.50%; £93,200 to £279,000 – 0.45%; £279,000 to £932,000 – 0.40%; £932,000+ – 0.35%	

Appendix 6

Data tables comparing (most) costs

The tables below compare our estimate of most costs from the charging structures used by comparator firms. For firms that charge trading costs separately, we have not attempted to simulate the number of trades or associated transaction costs, which means the tables will contain underestimates of their real costs.

PATHWAY 1

	£10,000	£25,000	£50,000	£100,000	£200,000	£250,000	£500,000
Vanguard	0.72%	0.43%	0.39%	0.39%	0.39%	0.39%	0.32%
Firm 1	0.92%	0.49%	0.34%	0.38%	0.29%	0.27%	0.24%
Firm 2	0.50%	0.50%	0.50%	0.50%	0.38%	0.35%	0.30%
Firm 3	1.00%	1.00%	0.40%	0.40%	0.40%	0.35%	0.30%
Firm 4	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Firm 5	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%
Firm 6	0.60%	0.60%	0.60%	0.60%	0.60%	0.45%	0.45%
Firm 7	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.44%
Firm 8	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%
Firm 9	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.49%
Firm 10	0.54%	0.54%	0.54%	0.54%	0.47%	0.45%	0.35%
Firm 11	0.39%	0.39%	0.39%	0.34%	0.24%	0.22%	0.18%
Firm 12	0.75%	0.75%	0.50%	0.45%	0.45%	0.45%	0.40%
Average excluding Vanguard	0.61%	0.58%	0.49%	0.49%	0.46%	0.43%	0.39%

PATHWAY 2

	£10,000	£25,000	£50,000	£100,000	£200,000	£250,000	£500,000
Vanguard	0.60%	0.31%	0.27%	0.27%	0.27%	0.27%	0.20%
Firm 1	0.79%	0.36%	0.21%	0.25%	0.16%	0.14%	0.11%
Firm 2	0.85%	0.85%	0.85%	0.85%	0.64%	0.60%	0.51%
Firm 3	1.10%	1.10%	0.50%	0.50%	0.50%	0.45%	0.40%
Firm 4	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Firm 5	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%
Firm 6	0.60%	0.60%	0.60%	0.60%	0.60%	0.45%	0.45%
Firm 7	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.45%
Firm 8	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%
Firm 9	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.49%
Firm 10	0.51%	0.51%	0.51%	0.51%	0.44%	0.42%	0.32%
Firm 11	0.36%	0.36%	0.36%	0.31%	0.21%	0.19%	0.15%
Firm 12	0.75%	0.75%	0.50%	0.45%	0.45%	0.45%	0.40%
Average excluding Vanguard	0.62%	0.58%	0.50%	0.50%	0.46%	0.43%	0.39%

PATHWAY 3

	£10,000	£25,000	£50,000	£100,000	£200,000	£250,000	£500,000
Vanguard	0.72%	0.43%	0.39%	0.39%	0.39%	0.39%	0.32%
Firm 1	0.96%	0.53%	0.38%	0.42%	0.33%	0.31%	0.28%
Firm 2	0.85%	0.85%	0.85%	0.85%	0.64%	0.60%	0.51%
Firm 3	1.00%	1.00%	0.40%	0.40%	0.40%	0.35%	0.30%
Firm 4	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Firm 5	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%
Firm 6	0.75%	0.75%	0.75%	0.75%	0.75%	0.60%	0.60%
Firm 7	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.60%
Firm 8	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%
Firm 9	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.49%
Firm 10	0.54%	0.54%	0.54%	0.54%	0.47%	0.45%	0.35%
Firm 11	0.39%	0.39%	0.39%	0.34%	0.24%	0.22%	0.18%
Firm 12	0.75%	0.75%	0.50%	0.45%	0.45%	0.45%	0.40%
Average excluding Vanguard	0.67%	0.63%	0.55%	0.55%	0.51%	0.48%	0.44%

PATHWAY 4

	£10,000	£25,000	£50,000	£100,000	£200,000	£250,000	£500,000
Vanguard	0.60%	0.31%	0.27%	0.27%	0.27%	0.27%	0.20%
Firm 1	0.82%	0.39%	0.24%	0.28%	0.19%	0.17%	0.14%
Firm 2	0.50%	0.50%	0.50%	0.50%	0.38%	0.35%	0.30%
Firm 3	1.00%	1.00%	0.40%	0.40%	0.40%	0.35%	0.30%
Firm 4	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Firm 5	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%
Firm 6	0.50%	0.50%	0.50%	0.50%	0.50%	0.35%	0.35%
Firm 7	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Firm 8	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%
Firm 9	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.49%
Firm 10	0.55%	0.55%	0.55%	0.55%	0.48%	0.46%	0.36%
Firm 11	0.30%	0.30%	0.30%	0.25%	0.15%	0.13%	0.09%
Firm 12	0.75%	0.75%	0.50%	0.45%	0.45%	0.45%	0.40%
Average excluding Vanguard	0.58%	0.54%	0.45%	0.45%	0.41%	0.39%	0.35%

Appendix 7

TRF performance

	01/10/2024 30/09/2025 1 YEAR			01/10/2022 30/09/2025 3 YEARS			01/10/2020 30/09/2025 5 YEARS			01/10/2015 30/09/2025 10 YEARS		
MORNINGSTAR CATEGORY/VANGUARD FUND	RETURN (ANNUALISED) %	BENCHMARK RETURN (ANNUALISED) %	PEER GROUP AVERAGE RETURN %	RETURN (ANNUALISED) %	BENCHMARK RETURN (ANNUALISED) %	PEER GROUP AVERAGE RETURN %	RETURN (ANNUALISED) %	BENCHMARK RETURN (ANNUALISED) %	PEER GROUP AVERAGE RETURN %	RETURN (ANNUALISED) %	BENCHMARK RETURN (ANNUALISED) %	PEER GROUP AVERAGE RETURN %
EAA Fund Target Date 2016 - 2020												
Vanguard Target Retirement 2015 Fund Accumulation Shares	6.50	–	6.61	7.42	–	4.26	3.87	–	2.34	–	–	–
Vanguard Target Retirement 2020 Fund Accumulation Shares	7.44	–	6.61	8.41	–	4.26	5.00	–	2.34	–	–	–
EAA Fund Target Date 2021 - 2025												
Vanguard Target Retirement 2025 Fund Accumulation Shares	9.28	–	6.97	9.77	–	5.57	6.07	–	2.40	–	–	–
EAA Fund Target Date 2026 - 2030												
Vanguard Target Retirement 2030 Fund Accumulation Shares	10.43	–	8.42	10.65	–	6.45	6.87	–	3.93	–	–	–
EAA Fund Target Date 2031 - 2035												
Vanguard Target Retirement 2035 Fund Accumulation Shares	11.19	–	11.14	11.24	–	9.85	7.63	–	6.55	–	–	–
EAA Fund Target Date 2036 - 2040												
Vanguard Target Retirement 2040 Fund Accumulation Shares	11.97	–	12.15	11.86	–	11.05	8.41	–	8.50	–	–	–
EAA Fund Target Date 2041 - 2045												
Vanguard Target Retirement 2045 Fund Accumulation Shares	12.74	–	13.42	12.45	–	12.40	9.16	–	9.17	–	–	–
EAA Fund Target Date 2046+												
Vanguard Target Retirement 2050 Fund Accumulation Shares	13.43	–	14.36	12.88	–	13.02	9.49	–	9.75	–	–	–
Vanguard Target Retirement 2055 Fund Accumulation Shares	13.41	–	14.36	12.87	–	13.02	9.48	–	9.75	–	–	–
Vanguard Target Retirement 2060 Fund Accumulation Shares	13.41	–	14.36	12.88	–	13.02	9.50	–	9.75	–	–	–
Vanguard Target Retirement 2065 Fund Accumulation Shares	13.46	–	14.36	12.88	–	13.02	9.49	–	9.75	–	–	–

Note: Past performance is not a reliable indicator of future results.

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