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# The Value of Private Assets in DC Schemes Post-Retirement

Having focused on defined contribution (DC) scheme accumulation pre-retirement for many years, UK pensions are now at an inflection point for post-retirement DC decumulation solutions. Proposed Guided Retirement requirements in the Pension Schemes Act 2026 will compel DC trustees to designate a default decumulation solution: an automatic choice that provides a lifetime income for members who do not opt out. This rule takes effect for master trusts in 2027 and single employer trusts in 2028.

In response, the industry is coalescing around two responses: Flex & Fix, combining drawdown with a deferred annuity purchase, and Retirement CDC (R-CDC), a collective retirement scheme that pools investment and longevity risks between members. Both target sustainable, longevity-protected income, but through very different mechanisms; ultimately, the default chosen and the accumulation strategy feeding it, will shape member outcomes for decades.

Against this backdrop, we wanted to investigate how portfolio construction choices during accumulation, specifically the inclusion of private assets and the speed of derisking, affect retirement income outcomes under each of the two emerging default decumulation solutions. Traditional DC glide paths were built for a world without a regulatory mandate for retirement income and that framework predates two forces now reshaping DC design: the Pension Schemes Bill's Guided Retirement requirements, which push trustees toward income-generating default funds and growing evidence that private markets offer return and diversification benefits inaccessible through public securities alone.

Importantly, the aim of this paper is not to make a direct comparison between Flex & Fix and R-CDC, but to demonstrate the impact of adding private assets into DC pension pot during both accumulation and decumulation as well as slowing derisking speed.

# Executive Summary

## Regulation is forcing a decision

New legislation will require DC pension trustees to select a default retirement income solution for their members by 2027 – 28.

## Private assets can drive retirement outcomes more than derisking speed

Adding private equity and private debt to the pre-retirement portfolio can increase the size of the pot at retirement by around a quarter, more than any adjustment to the glide path's derisking pace achieves alone.

## The benefit persists across different decumulation approaches

Both Flex & Fix and R-CDC frameworks showed comparable improvements from private asset inclusion at the median, and, notably, an even larger proportional benefit under weaker market conditions.

## Capturing this benefit depends on strong governance and manager selection

Private assets require more robust governance, understanding of fund structures, carry higher fees, and demand more careful member communication than traditional investments. Performance dispersion is also considerably wider in private markets, making manager selection a more decisive factor than it typically is in public market investing.

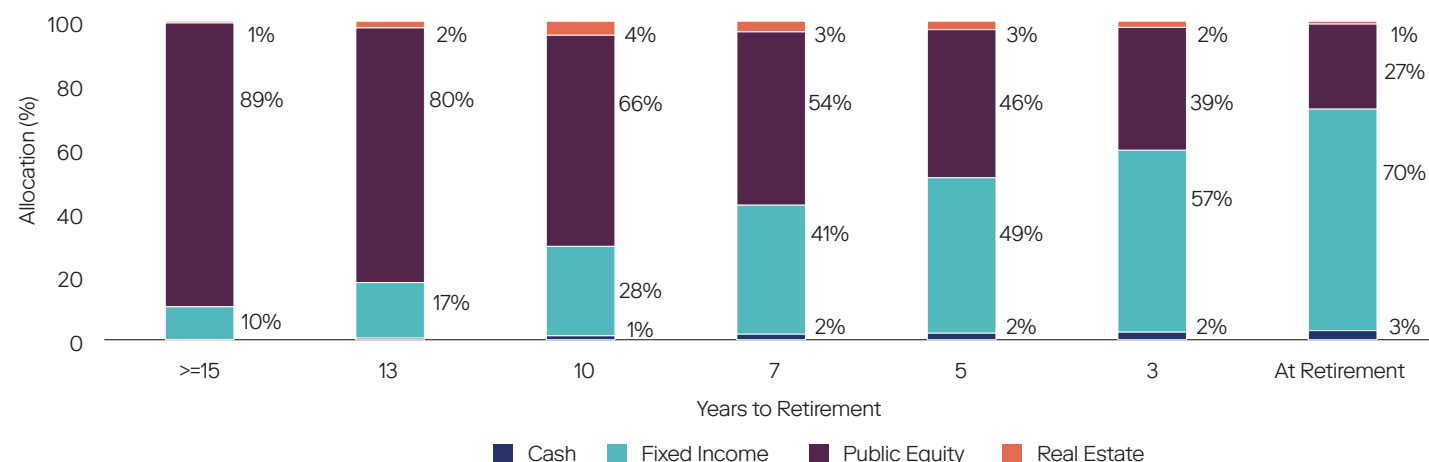
## The Four Glide Paths Modelled

To assess the potential benefits of accumulation-phase design changes, we modelled four accumulation glide paths (see Figure 1) for a hypothetical UK DC participant, isolating two variables: the inclusion of private assets and derisking speed.

**FIGURE 1**

### Glide Paths for Hypothetical DC Portfolios

**Glide Path 1: Normal Derisking Without Private Assets**



Source: Neuberger. This material contains hypothetical information, and includes certain estimates, projections and statements which are based on assumptions regarding market conditions and other matters. We make no representations regarding the reasonableness of such assumptions or the likelihood that any of such assumptions will coincide with actual market conditions or events, and this material should not be relied upon for such purposes. Actual market conditions and could be better or worse. These examples are for illustrative purposes only and are not actual results. If any assumptions used do not prove to be true, results may vary substantially. Total may not equal 100% due to rounding.

#### Glide Path 2: Normal Derisking **With** Private Assets



#### Glide Path 3: Slower Derisking **Without** Private Assets



#### Glide Path 4: Slower Derisking **With** Private Assets



■ Cash ■ Fixed Income ■ Public Equity ■ Real Estate ■ Private Assets

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Normal derisking follows a conventional path from growth assets to fixed income from around 15 years prior to retirement; slower derisking retains exposure to risk assets for longer, delaying the shift to capital preservation to 10 years prior to retirement. Each was tested with and without a private assets allocation, structured as a 60/40 split between private equity and private debt, with the debt sleeve further divided across corporate direct lending, asset-based finance and residential transitional loans (see Definitions Box). The same glide path was used in our previously published papers on private assets, [“Private Debt: A Valuable Allocation for DC Pension Schemes”](#) and [“Unlocked Potential: Enhancing DC Outcomes With Private Equity”](#).

We also used the same contribution assumptions—starting salary, salary growth and contribution rate—across all four scenarios to isolate the effect of asset allocation alone.

**Definitions Box**

We define the three forms of private debt below that comprise our allocation model:

**Corporate direct lending:** This type of (non-bank) lending to companies is privately negotiated and provided directly by an asset manager or group of asset managers. Unlike asset-based finance (see below), these loans are typically unsecured and have longer durations.

**Asset-based finance:** This type of (non-bank) lending to companies is privately negotiated, provided by an asset manager or group of asset managers, and is secured by a diverse range of financial (consumer and small business loans, credit card receivables, royalties, intellectual property) and hard assets (ships, airplanes, industrial equipment) that generate contractual cashflows.

**Real estate transitional loans:** These short-term bridge, construction or renovation loans help real estate investors purchase and renovate residential or small balance commercial properties (typically smaller, lower-value commercial properties blending residential/commercial use). The loans are mostly sourced from alternative lenders to traditional banks, including asset managers.

Results of Accumulation

At a high level, we find that the inclusion of private assets outweighs the impact of a slower de-risking strategy, though both levers move member outcomes in the same positive direction. The sections below examine each effect in turn as well as drawing out the implications for how schemes should prioritise these levers in redesigning their default accumulation strategy.

**FIGURE 2**  
**Slower Derisking with Private Assets Enhances Hypothetical Outcomes**  
Median, 10th and 90th Percentile Accumulated Pension Pot Compared With Normal Derisking Speed Without Privates

|                  |                 | Without Privates | With Privates |
|------------------|-----------------|------------------|---------------|
| Normal Derisking | 10th Percentile | –                | +16%          |
|                  | Median          | –                | +21%          |
|                  | 90th Percentile | –                | +23%          |
| Slower Derisking | 10th Percentile | -1%              | +19%          |
|                  | Median          | 2%               | +26%          |
|                  | 90th Percentile | 3%               | +30%          |

Source: Neuberger. This material contains hypothetical information, and includes certain estimates, projections and statements which are based on assumptions regarding market conditions and other matters. We make no representations regarding the reasonableness of such assumptions or the likelihood that any of such assumptions will coincide with actual market conditions or events, and this material should not be relied upon for such purposes. Actual market conditions and could be better or worse. These examples are for illustrative purposes only and are not actual results. If any assumptions used do not prove to be true, results may vary substantially.

Impact of Private Markets

Private assets could be a powerful driver of improved outcomes. In our analysis, their inclusion, even without slower derisking, lifts median retirement savings by 21% (see Figure 2). Importantly, the benefits under the normal derisking glide path are also attractive. There is a clear reason for this. Private equity and private debt offer an illiquidity premium and diversification benefits unavailable in public markets, and in our view a multidecade accumulation horizon is precisely the environment suited to capturing both.

Impact of Slower Derisking

The case for slower derisking is more modest, though the direction of travel is one some schemes have already embraced. In our analysis, slowing the pace of derisking alone lifts median retirement savings by just 2%, a fraction of the improvement delivered by the inclusion of private assets. The likely explanation is that for schemes that have already extended equity exposure in recent years, the incremental delay we modelled is relatively short, and much of the available benefit may already be captured in current practice. While this does not mean the strategy lacks merit, it does suggest that schemes considering further changes to their default strategy may find diminishing returns from pushing derisking later.

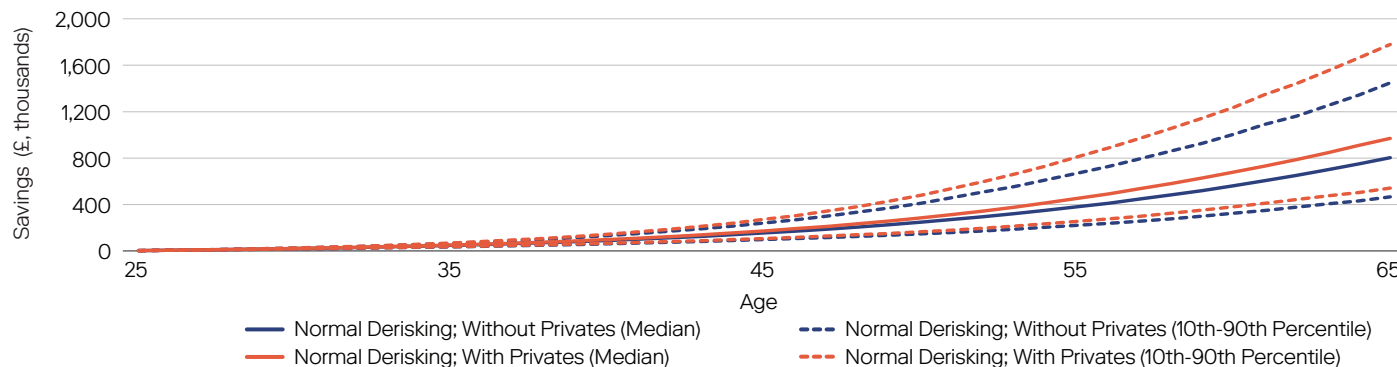
## Combining Both Effects

Taken together, these findings offer trustees a clear hierarchy of priorities. Private assets are the dominant lever, capable of lifting median retirement savings by 21% on their own. Slower derisking adds a further, smaller benefit; modest in isolation, but additive when combined with private assets, together delivering an improvement of approximately 26% over the baseline glide path. In practice, therefore, schemes redesigning their default accumulation strategy under the new requirements should focus first on private asset inclusion, with derisking pace treated as a secondary refinement rather than a primary driver of member outcomes.

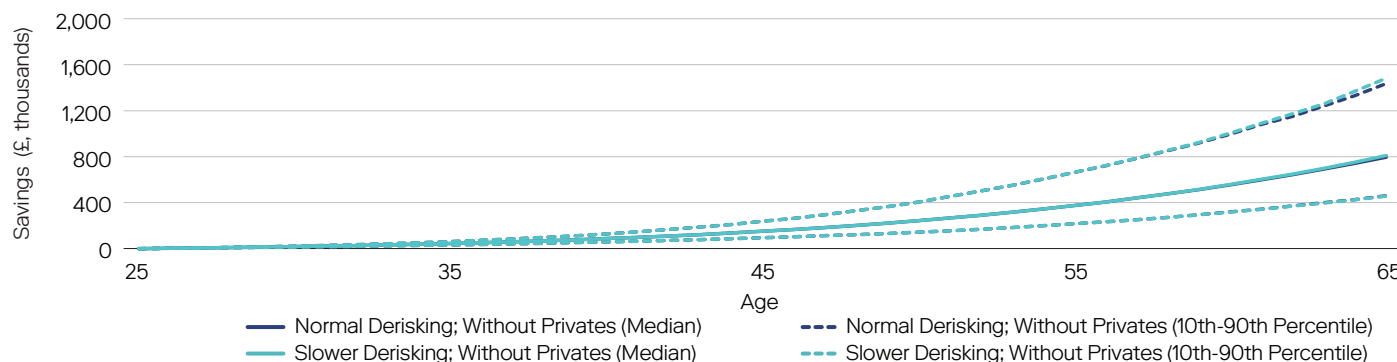
**FIGURE 3**

### Both Slower Derisking and Private Assets Enhance Retirement Outcomes

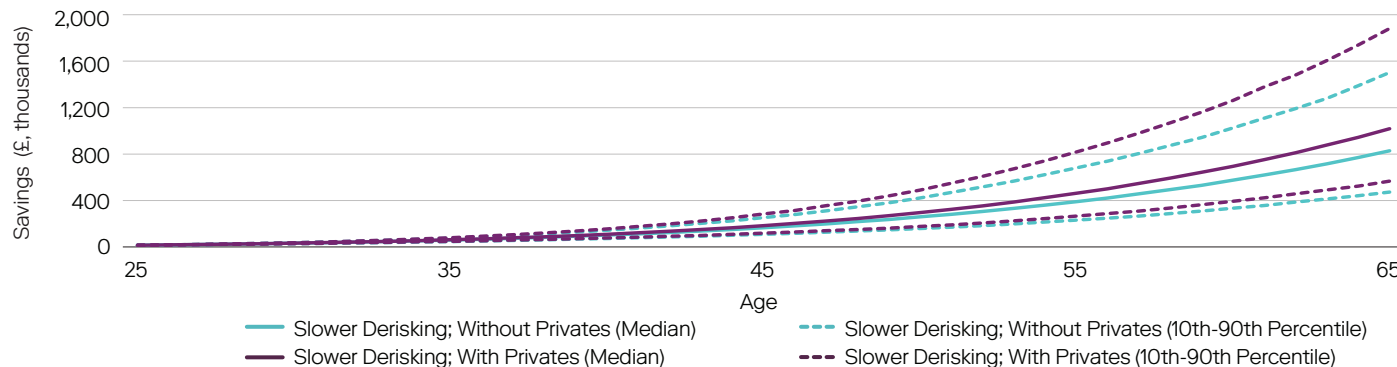
Normal Derisking **With** and **Without** Private Assets



Normal And Slower Derisking **Without** Private Assets

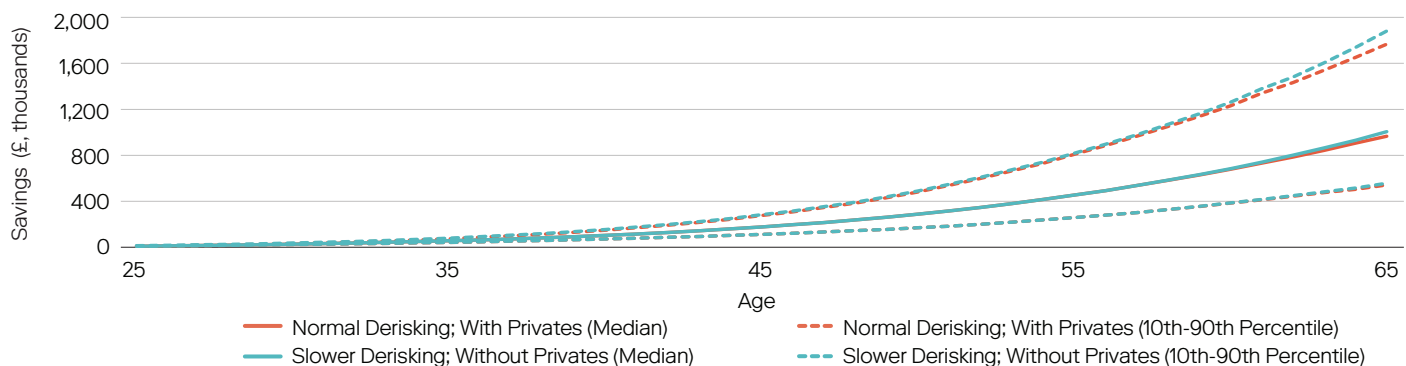


Slower Derisking **With** And **Without** Private Assets



Source: Neuberger. These examples are for illustrative purposes only and are not actual results. If any assumptions used do not prove to be true, results may vary substantially.

Normal And Slower Derisking **With** Private Assets



Source: Neuberger. These examples are for illustrative purposes only and are not actual results. If any assumptions used do not prove to be true, results may vary substantially.

## How the Decumulation Frameworks Work

Building a large enough pot for retirement is only half the challenge. Just as important is how that pot is converted into an income that lasts a lifetime, without members running out of money too soon or leaving unnecessary value unused. An accumulation strategy determines the size of the outcome; a decumulation strategy determines whether that outcome delivers for the member. It is this second, often underexamined, question that is now moving to the centre of industry attention.

Unsurprisingly most retirees would take out a 25% tax-free cash lump sum on retirement, and we reflect this in our analysis. Decumulation discussions therefore centre on how best to use the remaining pot. The traditional approach, and the most widely understood, is to buy an annuity immediately. However, there are two more decumulation strategies that are receiving increasing attention, namely Flex & Fix and R-CDC. Both represent two distinct philosophies for converting savings into long-lasting income:

- 1. Flex & Fix** typically combines flexible drawdown with a deferred annuity purchase, usually no later than age 85 allowing members to control spending in early retirement while securing longevity protection later.
- 2. R-CDC** pools retiree assets collectively, with payments adjusted annually in line with pooled investment performance.

The mechanical difference matters: Flex & Fix produces a visible income transition when the annuity converts, while R-CDC smooths that transition into collectively pooled payments. Both frameworks aim to prevent members outliving their savings, but they allocate risk and flexibility very differently between provider and member (see our assumptions of how we convert the assets accumulated at retirement in the Additional Disclosures section).

Because of their different characteristics, the asset allocation needs of each framework are also quite different, and this is reflected clearly in their respective decumulation glide paths. Flex & Fix needs to pivot gradually toward an all fixed income position ahead of annuity purchase, since the annuity provider requires a known, stable sum to convert into guaranteed payments—any residual exposure to growth assets at that point would introduce unwanted uncertainty into the conversion.

R-CDC, by contrast, is not required to fund an individual annuity purchase at a fixed point in time. Because payments are pooled and adjusted collectively across the membership, the scheme can continue to hold a meaningfully diversified allocation, including private and growth assets, well beyond the point at which a Flex & Fix portfolio would need to have de-risked. This allows R-CDC schemes to optimise the allocation for investment returns for longer, potentially extending the benefits of a differentiated asset mix, including private markets, further into the retirement phase itself.

Having set out how these structural differences shape each framework's decumulation glide path, we turn next to how they perform in practice. Because R-CDC and Flex & Fix are built on different mechanics, we do not draw a direct comparison between them, as this falls outside the scope of this paper. Instead, we analyse each separately, taking each framework in turn and analysing both median and downside (10th percentile) scenarios within each.

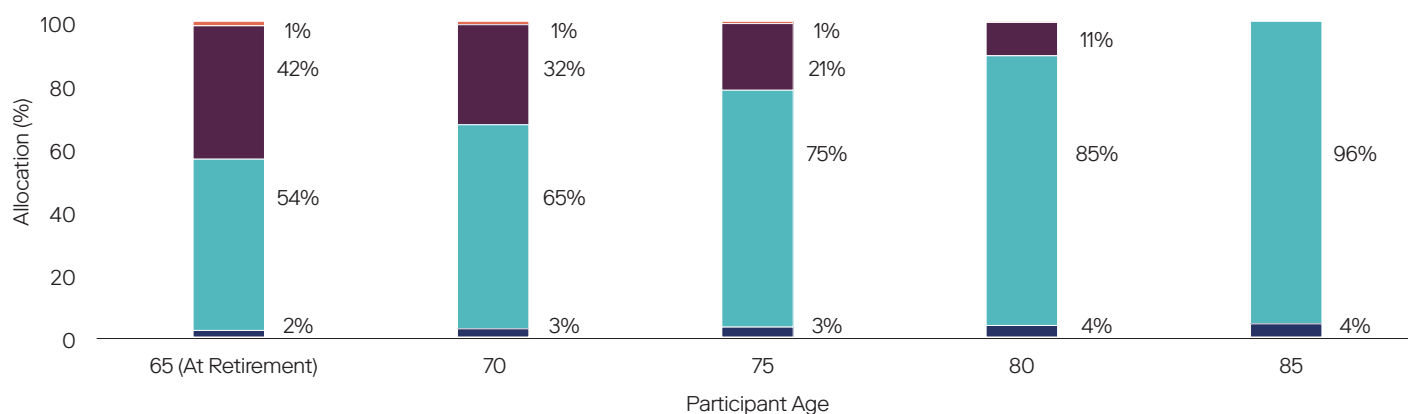
## Flex & Fix

To understand where the fragility lies in these strategies, we performed Monte Carlo simulations to capture the full range of outcomes, especially tail risks. Our analysis assumes the post-retirement portfolio under Flex & Fix converges almost entirely into fixed income by age 85, regardless of the accumulation strategy used: private assets are harvested for growth beforehand, then unwound in favour of capital certainty. As established in earlier sections, derisking speed has minimal impact on retirement outcomes; we therefore focus on glide paths with slower derisking speed to isolate the impact of private assets.

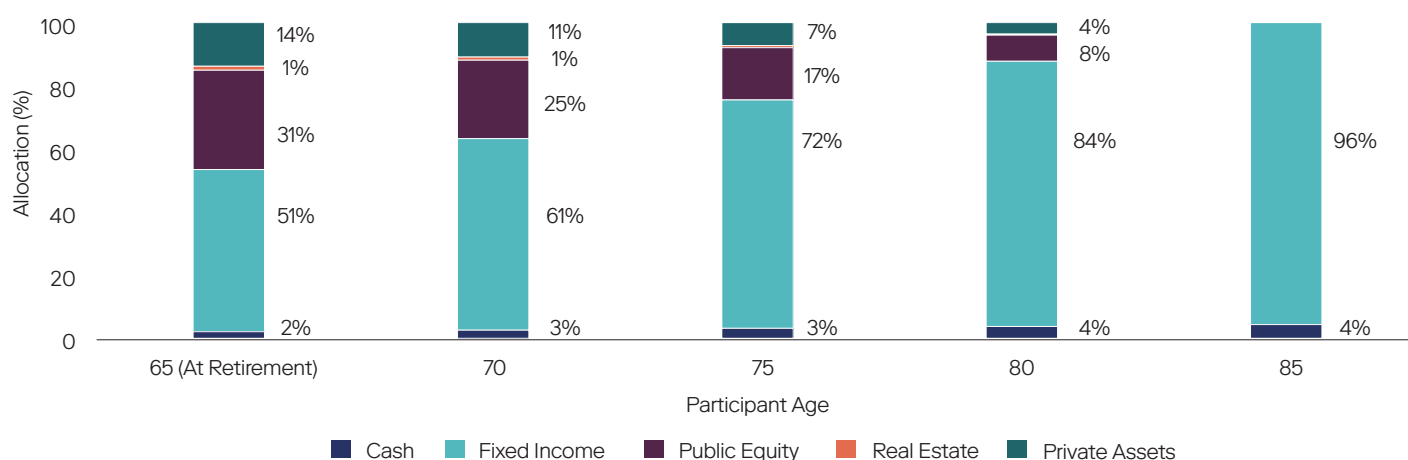
**FIGURE 4**

## Post-Retirement Flex & Fix Glide Paths

**Glide Path 5: Slower Derisking Without Private Assets**



**Glide Path 6: Slower Derisking With Private Assets**



Source: Neuberger. These examples are for illustrative purposes only and are not actual results. If any assumptions used do not prove to be true, results may vary substantially. Total may not equal 100% due to rounding.

Under this strategy, we assume the first year's income (at age 65) equals 4% of the total pot, with subsequent income growing in line with inflation. The remaining balance is converted into an immediate annuity at age 85, using an annuity conversion factor of £7,800 annual income per £75,000 pension pot assets.<sup>1</sup>

**FIGURE 5.**

## Private Assets Benefits Reflected in Retirement Income, Flex & Fix

Retirement Income Comparison in Median and Downside Scenarios

|                 |                                                           | Age 65 | Age 85 |
|-----------------|-----------------------------------------------------------|--------|--------|
| Median          | Flex & Fix without Privates (4% Spending Post Retirement) | 2,047  | 6,285  |
|                 | Flex & Fix with Privates (4% Spending Post Retirement)    | 2,524  | 8,887  |
|                 | Private Assets Benefit                                    | +23%   | +41%   |
|                 |                                                           | Age 65 | Age 85 |
| 10th Percentile | Flex & Fix without Privates (4% Spending Post Retirement) | 1,156  | 2,435  |
|                 | Flex & Fix with Privates (4% Spending Post Retirement)    | 1,390  | 3,790  |
|                 | Private Assets Benefit                                    | +20%   | +56%   |

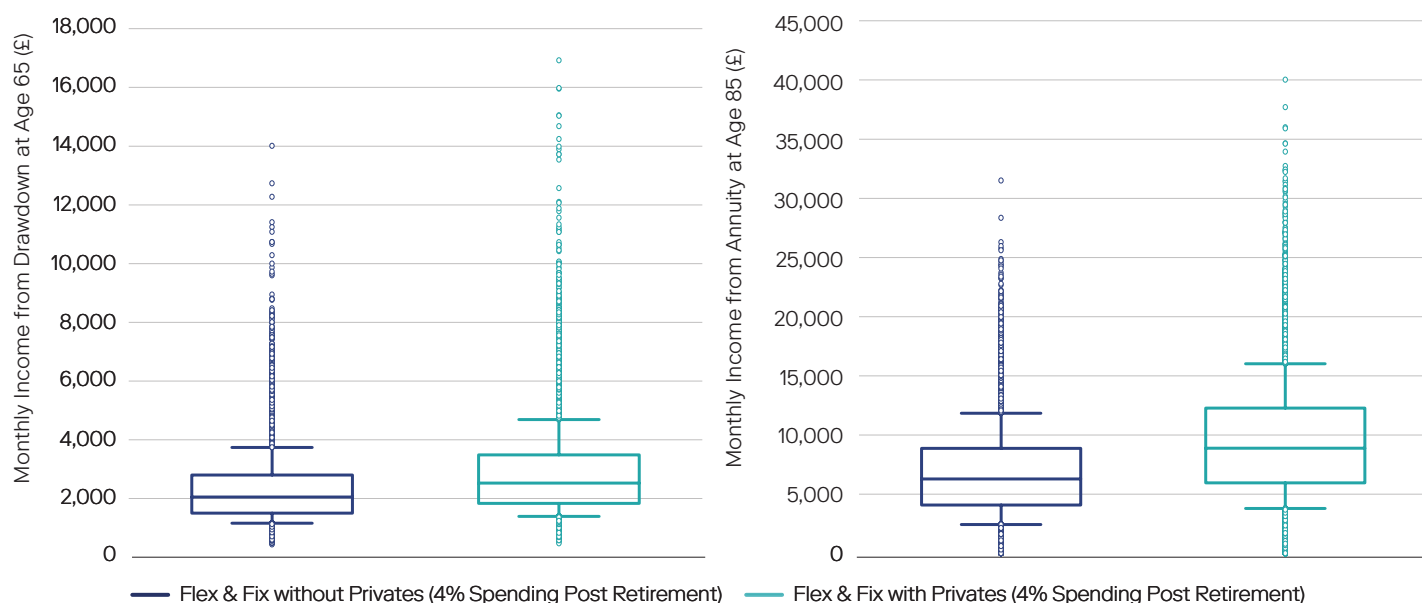
Source: Neuberger. This material contains hypothetical information, and includes certain estimates, projections and statements which are based on assumptions regarding market conditions and other matters. We make no representations regarding the reasonableness of such assumptions or the likelihood that any of such assumptions will coincide with actual market conditions or events, and this material should not be relied upon for such purposes. Actual market conditions and could be better or worse. These examples are for illustrative purposes only and are not actual results. If any assumptions used do not prove to be true, results may vary substantially.

<sup>1</sup>Based on [Online Annuity Quote](#)

**FIGURE 6**

## Including Private Assets Under Flex & Fix Increases Monthly Income<sup>2</sup>

The Monthly Income At Age 65 And 85 Under The Flex And Fix Scheme



Source: Neuberger. These examples are for illustrative purposes only and are not actual results. If any assumptions used do not prove to be true, results may vary substantially.

Our analysis suggests the benefit of private assets becomes more pronounced under weaker market conditions. At the 10th percentile, for example, private assets lift monthly income by 20% at age 65 and by 56% at age 85 under Flex & Fix. This points to a genuine diversification benefit that is most valuable precisely when it is needed, cushioning outcomes when public markets underperform. Crucially, although private assets add some volatility to the portfolio, their additional return more than offsets it, and this matters most in stressed market scenarios.

Under the median scenario, Flex & Fix also benefits meaningfully from an allocation to private assets during both accumulation and decumulation.

At age 65, the pot including private assets generates £2,524 in monthly income, 23% higher than the pot without private assets under the median case of £2,047, demonstrating the benefit from allocating to private assets during accumulation.

At age 85, when the retiree annuitises the remaining pot, this produces income of £8,887 for the pot with private assets and £6,285 for the pot without private assets—an uplift of 41%. This uplift is larger than at age 65, reflecting the larger pot built when private assets are held through decumulation as well as accumulation: the retiree holds private assets for a further 20 years, during which the pot continues to compound from a substantially higher base. Together, these effects produce a larger pot at age 85, which supports the case for maintaining a consistent allocation to private assets from accumulation through into decumulation.

<sup>2</sup>For each chart, the line in the box represents median; box represents 25th and 75th percentiles; horizontal lines below and above the box represent 10th and 90th percentiles; hollow dots represent scenarios outside of 10th-90th percentiles.

## R – CDC

We perform the same Monte Carlo simulations for R-CDC. Under this strategy, we use a conversion factor of £5,500 of annual income per £100,000 of pension pot assets to convert the total pot into an equivalent regular payment at age 65, which we assume grows in line with investment performance after. To reflect how retiree benefits are linked to the scheme performance in an R-CDC scheme, we make a simplifying assumption that the retirement income is adjusted by actual investment return versus expected investment return of the current year.<sup>3</sup> Any outperformance will increase the pension payment and vice versa.

**FIGURE 7**

### Private Assets Benefits Reflected in Retirement Income, R-CDC

Retirement Income Comparison in Median and Downside Scenarios

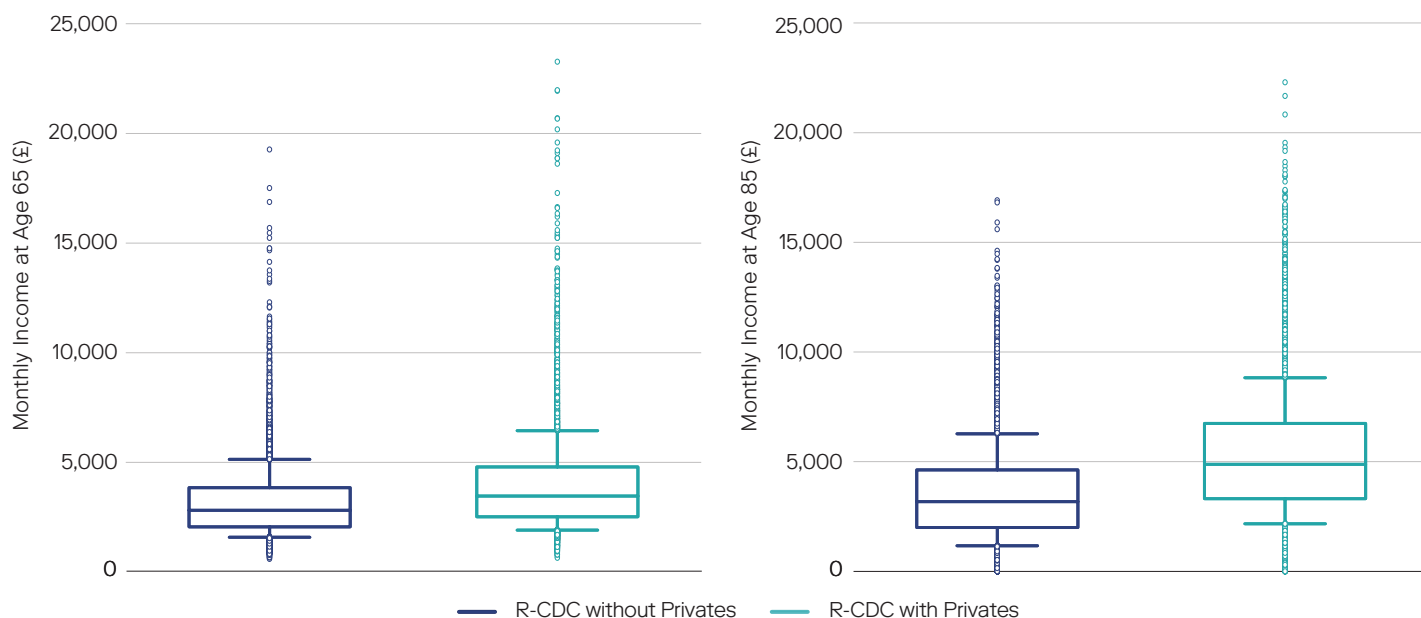
|                        |                        | Age 65 | Age 85 |
|------------------------|------------------------|--------|--------|
| <b>Median</b>          | R-CDC without Privates | 2,814  | 3,179  |
|                        | R-CDC with Privates    | 3,470  | 4,875  |
|                        | Private Assets Benefit | +23%   | +53%   |
| <b>10th Percentile</b> | R-CDC without Privates | 1,589  | 1,164  |
|                        | R-CDC with Privates    | 1,911  | 2,170  |
|                        | Private Assets Benefit | +20%   | +86%   |

Source: Neuberger. This material contains hypothetical information, and includes certain estimates, projections and statements which are based on assumptions regarding market conditions and other matters. We make no representations regarding the reasonableness of such assumptions or the likelihood that any of such assumptions will coincide with actual market conditions or events, and this material should not be relied upon for such purposes. Actual market conditions could be better or worse. These examples are for illustrative purposes only and are not actual results. If any assumptions used do not prove to be true, results may vary substantially.

**FIGURE 8**

### Including Private Assets Under R-CDC Increases Monthly Retirement Income

The monthly retirement income at age 65 & 85 under the R-CDC scheme



Source: Neuberger. These examples are for illustrative purposes only and are not actual results. If any assumptions used do not prove to be true, results may vary substantially.

<sup>3</sup> Retirement income is adjusted by the difference between actual investment return and expected return. For example, for a given year, if the actual investment return is 9.2% and the expected return is 7.2%, the retirement income of that year will be increased by 2%.

To assess the impact of private assets, we apply the same conversion factor to translate the accumulated pot into retirement income at age 65 for pots both with and without private assets. We then assume the pot continues to grow within the R-CDC scheme and rebalance to assumed R-CDC asset allocation annually. At age 85, we assume there is a benefit reset based on remaining balance of the pension pot, where we convert the accumulated pot to retirement income using the same conversion factor.

In the downside scenario (10th percentile), the R-CDC scheme with private assets would provide a monthly income of £1,911 at age 65, 20% more than the £1,589 without them. The contrast is starker later in retirement. At age 85, monthly income with private assets would be £2,170, 86% higher than the £1,164 without them. Without private assets, 20 years of pension payments substantially deplete the fund, which is reflected in the sharp fall in income. With private assets, the fund largely holds its value, and income even increases slightly between 65 and 85, even in the downside scenario. Together, these results show that private assets can both raise retirement income and help sustain it. The falls in income reflect how an R-CDC scheme operates in practice: it adjusts benefit levels at each annual valuation to keep assets and liabilities in balance. The same mechanism also narrows the dispersion of outcomes, particularly later in retirement.

In the median scenario, private assets lift median retirement income by approximately 23% at age 65 and 53% at age 85. Their additional return strengthens the collective pool from which pensions are paid. The benefits of private assets in decumulation are more pronounced than what we have seen in Flex & Fix in previous section, mainly because an R-CDC scheme can maintain a consistent allocation to private assets. Unlike Flex & Fix, it does not need to sell down assets to buy an annuity at a set age, so its liquidity needs are limited to meeting regular pension payments. In other words, an R-CDC scheme can hold more private assets, for longer.

That said, the actual mechanics of R-CDC are more complex than our model assumes. For example, one could reasonably argue the scheme could sustain a higher allocation to private assets than modelled here, given its diversification and risk-pooling characteristics. Our modelling is intended only to illustrate the effect of private assets on pension growth for an individual R-CDC member during accumulation and decumulation.

## Conclusion

This research makes a clear case: private assets, thoughtfully integrated throughout the lifecycle of DC plans, materially improve the retirement income available to members. The choice between Flex & Fix and R-CDC should be made with full awareness of how each interacts with underlying portfolio construction. The median and downside scenarios together show that outcomes depend as much on withdrawal discipline as on asset selection.

Across both frameworks, private assets offer a return uplift that is valuable precisely when markets are under stress, cushioning outcomes when public markets underperform. The benefit stems from the same underlying driver in both cases: private assets capture an illiquidity premium and a diversification effect during accumulation and decumulation alike, carrying through into late retirement regardless of how income is ultimately structured. Importantly, how that exposure is accessed matters as much as the allocation itself (see following **Key Risks and Governance Considerations** section).

With Guided Retirement requirements arriving for master trusts in 2027 and single employer trusts in 2028, trustees have a narrowing window to design, test, and govern their chosen default solution properly. Schemes that begin this work now—building glide paths and income frameworks grounded in rigorous scenario analysis—will be better positioned to deliver genuinely durable retirement income and to meet the governance standards the new regime will demand.

<sup>2</sup>For each chart, the line in the box represents median; box represents 25th and 75th percentiles; horizontal lines below and above the box represent 10th and 90th percentiles; hollow dots represent scenarios outside of 10th-90th percentiles.

## Key Risks and Governance Considerations

Realising the benefits modelled in this paper requires trustees to manage several risks alongside the return opportunity, balancing liquidity, fees, governance, and member understanding as they design and monitor a default solution.

Taking private equity as an example, three questions are important for trustees: control, meaning who decides what is owned, at what size and when capital is committed; cost, meaning the total fee load once every layer is counted, and how it sits against the default charge cap and value-for-money assessments; and liquidity, meaning whether the structure can meet member transfers, switches and drawdown without forcing sales or leaving capital idle. The considerations below address each in turn.

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### Liquidity Management

Liquidity Management: Private assets are illiquid and periodically valued, creating tension in a DC environment where members can move funds on demand. Schemes need robust liquidity frameworks to bridge this mismatch without compromising member flexibility. The decumulation framework also affects how long private exposure can be sustained: R-CDC's pooled structure can typically retain private assets further into retirement than Flex & Fix, which requires liquidation ahead of annuity conversion.

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### Fee and Manager Selection

Higher fees make net returns highly sensitive to manager selection, and the dispersion of manager returns is typically wider in private markets than in public markets. Selection should therefore look beyond headline returns to:

- **Deal flow:** whether the manager can stay selective while still putting capital to work efficiently and building diversified portfolios for a DC scheme.
  - **Fee layering:** thorough diligence on fee proposals is needed to avoid additional fees not captured in the headline rate, such as underlying management fees and carried interest in fund-of-funds structures.
  - **Manager alignment:** the extent to which the manager's interests match those of the scheme.
  - **Structure and return sources:** fund structure and reliance on secondary discount capture, as covered in the access-route bullets below.
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### Access Route: Primary, Secondary and Co-Investment

- **Primary funds** build diversification over time, but typically carry significant LP-level fees and can take considerable time to deploy committed capital.
- **Secondaries** speed up deployment, but fees are similarly high, and 'discount capture' may favor short-term performance over longer-term returns.
- **Co-investments**, made directly alongside a manager rather than through a fund, can offer greater control over selection, the flexibility to start and stop investing, lower or no fees, and closer alignment with scheme objectives, such as sector, region, or growth equity versus buyout balance. They are more resource-intensive and depend on a partner with consistent, high-quality deal flow and an understanding of UK DC schemes.
- In the first two routes, the LP has little control over portfolio contents.

### Access Route: Evergreen, Closed-End and Separately Managed Structures

Open-ended ('evergreen'), closed-end and separately managed account structures differ in liquidity provision, valuation frequency, redemption terms, investor eligibility, and underlying investor mix. Each should be assessed against the scheme's long-term requirements as part of manager selection.

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### Regulatory and Governance Burden

Selecting and monitoring a default solution demands ongoing due diligence and value-for-money assessment, just as schemes approach the 2027–28 deadline.

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### Member Communication

Members must understand what they hold, or trust in the default solution risks eroding during volatility. Clear, ongoing communication sustains confidence in the chosen approach.

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### Asset Allocation Framework Fit for Purpose

Strategic asset allocation should be built around how a scheme plans to support its DC retirees through decumulation, not designed in isolation. The right mix of asset classes will vary with the decumulation strategy chosen and members' risk appetite. The allocation in this paper is illustrative, not a template, and schemes should select the combination best aligned with their own approach and members' needs.

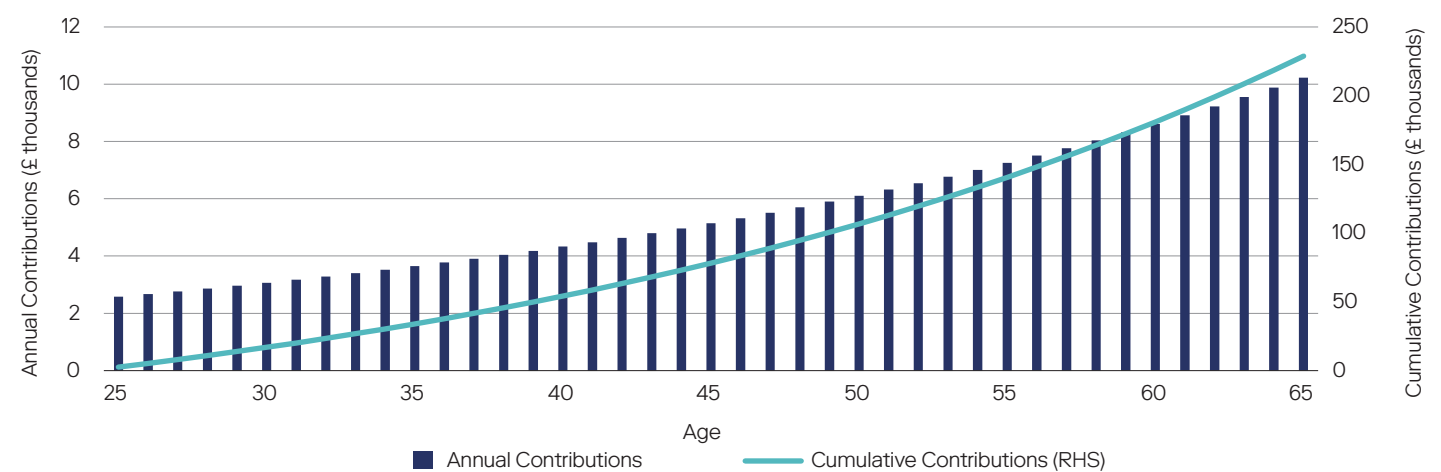
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Additional Disclosures

Asset Conversion Assumptions

**Flex & Fix:** We assume that the hypothetical participant will take the 25% lump sum tax-free cash at age 65 and keep the remaining 75% at the drawdown structure following the post-Retirement Flex & Fix Glidepaths. During age 65 to 85, the post-retirement income will come from the drawdown structure. The annual income at age 65 is equal to 4% of the savings at retirement net of lump sum cash, and we assume the annual income will grow at inflation rate afterwards. At age 85, the participant will convert the remaining savings into a rest-of-life annuity, which generates £7,800 annual income per £75,000 pension pot assets.

**R-CDC:** We assume that the hypothetical participant will also take the 25% lump sum tax-free cash at age 65 but put the remaining 75% into R-CDC. The participant will receive £5,500 annual income per £100,000 pension pot assets at age 65. To reflect how retiree benefits are linked to the performance in an R-CDC scheme, we make a simplifying assumption that after age 65, the retirement income is adjusted by actual investment return versus expected investment return of the current year. Any outperformance will increase the pension payment and vice versa.



Source: Neuberger. These examples are for illustrative purposes only and are not actual results. If any assumptions used do not prove to be true, results may vary substantially.

Fee Assumptions

Management fees are a central issue for most DC schemes and have sometimes represented a stumbling block to the inclusion of private assets in portfolios.

|                            |                                                     |
|----------------------------|-----------------------------------------------------|
| Cash and short-term bonds: | 2 basis points (bps)                                |
| Public fixed income:       | 10 bps                                              |
| Public equity:             | 15 bps                                              |
| Real Estate:               | 50 bps                                              |
| Private assets:            | 200 bps (including management and performance fees) |

Source: Neuberger. Fees as of June 30, 2026.

## Private Asset Cost vs. Benefit

| Accumulation                                                                                       |                                   | 25~50        | 52           | 55           | 58           | 60           | 62           | 65<br>(At Retirement) |
|----------------------------------------------------------------------------------------------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|
| Normal Derisking; <b>Without</b> Privates                                                          | 1-Year Expected Net Return        | 7.59%        | 7.36%        | 7.02%        | 6.71%        | 6.51%        | 6.31%        | 6.01%                 |
|                                                                                                    | Fee (bps)                         | 14.7         | 14.8         | 15.0         | 13.9         | 13.2         | 12.5         | 11.5                  |
| Normal Derisking; <b>With</b> Privates                                                             | 1-Year Expected Net Return        | 8.62%        | 8.39%        | 8.05%        | 7.44%        | 7.03%        | 6.62%        | 6.01%                 |
|                                                                                                    | Fee (bps)                         | 52.1         | 52.2         | 52.4         | 40.1         | 31.9         | 23.7         | 11.5                  |
| Slower Derisking; <b>Without</b> Privates                                                          | 1-Year Expected Net Return        | 7.59%        | 7.37%        | 7.03%        | 6.85%        | 6.73%        | 6.60%        | 6.42%                 |
|                                                                                                    | Fee (bps)                         | 14.7         | 14.8         | 15.0         | 14.3         | 13.8         | 13.3         | 12.5                  |
| Slower Derisking; <b>With</b> Privates                                                             | 1-Year Expected Net Return        | 8.62%        | 8.40%        | 8.03%        | 7.68%        | 7.45%        | 7.22%        | 6.87%                 |
|                                                                                                    | Fee (bps)                         | 52.1         | 52.2         | 52.0         | 46.1         | 42.1         | 38.1         | 31.7                  |
| <b>Difference<br/>(Slower Derisking;<br/>With Privates-Normal Derisking;<br/>Without Privates)</b> | <b>1-Year Expected Net Return</b> | <b>1.03%</b> | <b>1.04%</b> | <b>1.01%</b> | <b>0.97%</b> | <b>0.94%</b> | <b>0.91%</b> | <b>0.86%</b>          |
|                                                                                                    | <b>Fee (bps)</b>                  | <b>37.4</b>  | <b>37.4</b>  | <b>37.0</b>  | <b>32.1</b>  | <b>28.9</b>  | <b>25.6</b>  | <b>20.2</b>           |

| Flex & Fix Decumulation                                                                        |                                   | 65<br>(At Retirement) | 70           | 75           | 80           | 85           |
|------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------|--------------|--------------|--------------|--------------|
| Slower Derisking; <b>Without</b> Privates                                                      | 1-Year Expected Net Return        | 6.42%                 | 6.14%        | 5.86%        | 5.59%        | 5.31%        |
|                                                                                                | Fee (bps)                         | 12.5                  | 11.8         | 11.1         | 10.4         | 9.7          |
| Slower Derisking; <b>With</b> Privates                                                         | 1-Year Expected Net Return        | 7.07%                 | 6.70%        | 6.23%        | 5.77%        | 5.31%        |
|                                                                                                | Fee (bps)                         | 38.2                  | 32.2         | 24.7         | 17.2         | 9.7          |
| <b>Difference<br/>(Slower Derisking; With Privates-Normal<br/>Derisking; Without Privates)</b> | <b>1-Year Expected Net Return</b> | <b>0.65%</b>          | <b>0.56%</b> | <b>0.37%</b> | <b>0.18%</b> | <b>0.00%</b> |
|                                                                                                | <b>Fee (bps)</b>                  | <b>25.7</b>           | <b>20.4</b>  | <b>13.6</b>  | <b>6.8</b>   | <b>0.0</b>   |

| R-CDC Decumulation |                                   | R-CDC        |
|--------------------|-----------------------------------|--------------|
| Without Privates   | 1-Year Expected Net Return        | 6.16%        |
|                    | Fee (bps)                         | 11.6         |
| With Privates      | 1-Year Expected Net Return        | 6.79%        |
|                    | Fee (bps)                         | 39.4         |
| <b>Difference</b>  | <b>1-Year Expected Net Return</b> | <b>0.63%</b> |
|                    | <b>Fee (bps)</b>                  | <b>27.8</b>  |

Source: Neuberger. This material contains hypothetical information, and includes certain estimates, projections and statements which are based on assumptions regarding market conditions and other matters. We make no representations regarding the reasonableness of such assumptions or the likelihood that any of such assumptions will coincide with actual market conditions or events, and this material should not be relied upon for such purposes. Actual market conditions and could be better or worse. These examples are for illustrative purposes only and are not actual results. If any assumptions used do not prove to be true, results may vary substantially.

## Hypothetical Portfolio Asset Allocations

| Normal Derisking Without Privates | 25~50        | 52           | 55           | 58           | 60           | 62           | 65<br>(At Retirement) |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|
| Cash                              | 0.0%         | 0.5%         | 1.2%         | 1.7%         | 2.0%         | 2.4%         | 2.9%                  |
| <b>Cash</b>                       | <b>0.0%</b>  | <b>0.5%</b>  | <b>1.2%</b>  | <b>1.7%</b>  | <b>2.0%</b>  | <b>2.4%</b>  | <b>2.9%</b>           |
| UK Government Bond                | 0.0%         | 2.1%         | 5.2%         | 9.1%         | 11.7%        | 14.3%        | 18.3%                 |
| UK Corporate Bond                 | 5.8%         | 6.5%         | 7.6%         | 14.5%        | 19.1%        | 23.7%        | 30.6%                 |
| Global Government Bond            | 4.4%         | 4.9%         | 5.6%         | 8.1%         | 9.8%         | 11.4%        | 14.0%                 |
| Global IG Bond                    | 0.2%         | 1.9%         | 4.4%         | 3.9%         | 3.6%         | 3.3%         | 2.8%                  |
| EMD                               | 0.0%         | 1.8%         | 4.4%         | 4.0%         | 3.7%         | 3.4%         | 2.9%                  |
| Global HY                         | 0.0%         | 0.4%         | 0.9%         | 1.0%         | 1.0%         | 1.0%         | 1.1%                  |
| <b>Fixed Income</b>               | <b>10.4%</b> | <b>17.4%</b> | <b>28.1%</b> | <b>40.5%</b> | <b>48.8%</b> | <b>57.1%</b> | <b>69.6%</b>          |
| US Equity                         | 47.5%        | 43.6%        | 37.8%        | 31.3%        | 26.9%        | 22.6%        | 16.0%                 |
| Europe Equity                     | 27.4%        | 24.0%        | 19.0%        | 15.5%        | 13.3%        | 11.0%        | 7.5%                  |
| UK Equity                         | 7.9%         | 6.9%         | 5.4%         | 4.3%         | 3.5%         | 2.8%         | 1.6%                  |
| EM Equity                         | 6.4%         | 5.5%         | 4.1%         | 3.3%         | 2.8%         | 2.3%         | 1.6%                  |
| <b>Public Equity</b>              | <b>89.1%</b> | <b>80.0%</b> | <b>66.3%</b> | <b>54.4%</b> | <b>46.5%</b> | <b>38.6%</b> | <b>26.7%</b>          |
| UK Real Estate                    | 0.6%         | 2.1%         | 4.4%         | 3.4%         | 2.7%         | 2.0%         | 0.9%                  |
| <b>Real Estate</b>                | <b>0.6%</b>  | <b>2.1%</b>  | <b>4.4%</b>  | <b>3.4%</b>  | <b>2.7%</b>  | <b>2.0%</b>  | <b>0.9%</b>           |
| Private Assets                    | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%                  |
| <b>Private Assets</b>             | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>           |
| 1-Year Expected Gross Return      | 7.74%        | 7.51%        | 7.17%        | 6.85%        | 6.64%        | 6.44%        | 6.12%                 |
| 1-Year Expected Net Return        | 7.59%        | 7.36%        | 7.02%        | 6.71%        | 6.51%        | 6.31%        | 6.01%                 |
| 1-Year Asset Volatility           | 13.4%        | 12.5%        | 11.1%        | 9.8%         | 9.0%         | 8.3%         | 7.3%                  |

| Normal Derisking With Privates | 25~50        | 52           | 55           | 58           | 60           | 62           | 65<br>(At Retirement) |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|
| Cash                           | 0.0%         | 0.5%         | 1.2%         | 1.7%         | 2.0%         | 2.4%         | 2.9%                  |
| <b>Cash</b>                    | <b>0.0%</b>  | <b>0.5%</b>  | <b>1.2%</b>  | <b>1.7%</b>  | <b>2.0%</b>  | <b>2.4%</b>  | <b>2.9%</b>           |
| UK Government Bond             | 0.0%         | 1.1%         | 3.7%         | 7.9%         | 10.8%        | 13.7%        | 18.3%                 |
| UK Corporate Bond              | 1.3%         | 3.5%         | 5.4%         | 12.5%        | 17.5%        | 22.7%        | 30.6%                 |
| Global Government Bond         | 1.0%         | 2.6%         | 4.0%         | 7.0%         | 9.0%         | 10.9%        | 14.0%                 |
| Global IG Bond                 | 0.0%         | 1.0%         | 3.2%         | 3.4%         | 3.3%         | 3.2%         | 2.8%                  |
| EMD                            | 0.0%         | 1.0%         | 3.1%         | 3.4%         | 3.4%         | 3.2%         | 2.9%                  |
| Global HY                      | 0.0%         | 0.2%         | 0.6%         | 0.8%         | 0.9%         | 1.0%         | 1.1%                  |
| <b>Fixed Income</b>            | <b>2.4%</b>  | <b>9.4%</b>  | <b>20.1%</b> | <b>34.9%</b> | <b>44.8%</b> | <b>54.7%</b> | <b>69.6%</b>          |
| US Equity                      | 41.1%        | 37.1%        | 31.0%        | 26.5%        | 23.5%        | 20.5%        | 16.0%                 |
| Europe Equity                  | 23.7%        | 20.4%        | 15.5%        | 13.1%        | 11.5%        | 9.9%         | 7.5%                  |
| UK Equity                      | 6.8%         | 5.9%         | 4.4%         | 3.6%         | 3.1%         | 2.5%         | 1.6%                  |
| EM Equity                      | 5.5%         | 4.6%         | 3.3%         | 2.8%         | 2.4%         | 2.1%         | 1.6%                  |
| <b>Public Equity</b>           | <b>77.1%</b> | <b>68.0%</b> | <b>54.3%</b> | <b>46.0%</b> | <b>40.5%</b> | <b>35.0%</b> | <b>26.7%</b>          |
| UK Real Estate                 | 0.6%         | 2.1%         | 4.4%         | 3.4%         | 2.7%         | 2.0%         | 0.9%                  |
| <b>Real Estate</b>             | <b>0.6%</b>  | <b>2.1%</b>  | <b>4.4%</b>  | <b>3.4%</b>  | <b>2.7%</b>  | <b>2.0%</b>  | <b>0.9%</b>           |
| Private Assets                 | 20.0%        | 20.0%        | 20.0%        | 14.0%        | 10.0%        | 6.0%         | 0.0%                  |
| <b>Private Assets</b>          | <b>20.0%</b> | <b>20.0%</b> | <b>20.0%</b> | <b>14.0%</b> | <b>10.0%</b> | <b>6.0%</b>  | <b>0.0%</b>           |
| 1-Year Expected Gross Return   | 9.14%        | 8.92%        | 8.58%        | 7.84%        | 7.35%        | 6.86%        | 6.12%                 |
| 1-Year Expected Net Return     | 8.62%        | 8.39%        | 8.05%        | 7.44%        | 7.03%        | 6.62%        | 6.01%                 |
| 1-Year Asset Volatility        | 13.6%        | 12.6%        | 11.2%        | 9.8%         | 9.0%         | 8.2%         | 7.3%                  |

| Slower Derisking Without Privates | 25~50        | 52           | 55           | 58           | 60           | 62           | 65<br>(At Retirement) |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|
| Cash                              | 0.0%         | 0.5%         | 1.2%         | 1.4%         | 1.6%         | 1.8%         | 2.1%                  |
| <b>Cash</b>                       | <b>0.0%</b>  | <b>0.5%</b>  | <b>1.2%</b>  | <b>1.4%</b>  | <b>1.6%</b>  | <b>1.8%</b>  | <b>2.1%</b>           |
| UK Government Bond                | 0.0%         | 2.1%         | 5.1%         | 7.7%         | 9.3%         | 10.9%        | 13.3%                 |
| UK Corporate Bond                 | 5.8%         | 6.4%         | 7.5%         | 12.2%        | 15.2%        | 18.1%        | 22.3%                 |
| Global Government Bond            | 4.4%         | 4.8%         | 5.4%         | 6.8%         | 7.8%         | 8.7%         | 10.2%                 |
| Global IG Bond                    | 0.2%         | 1.8%         | 4.4%         | 3.3%         | 2.9%         | 2.5%         | 2.0%                  |
| EMD                               | 0.0%         | 1.8%         | 4.4%         | 4.3%         | 4.3%         | 4.3%         | 4.6%                  |
| Global HY                         | 0.0%         | 0.4%         | 0.9%         | 1.0%         | 1.2%         | 1.3%         | 1.7%                  |
| <b>Fixed Income</b>               | <b>10.4%</b> | <b>17.3%</b> | <b>27.7%</b> | <b>35.4%</b> | <b>40.6%</b> | <b>45.9%</b> | <b>54.2%</b>          |
| US Equity                         | 47.5%        | 43.7%        | 38.1%        | 34.2%        | 31.6%        | 29.1%        | 25.3%                 |
| Europe Equity                     | 27.4%        | 24.1%        | 19.1%        | 17.0%        | 15.6%        | 14.1%        | 11.9%                 |
| UK Equity                         | 7.9%         | 6.9%         | 5.5%         | 4.7%         | 4.1%         | 3.5%         | 2.5%                  |
| EM Equity                         | 6.4%         | 5.5%         | 4.1%         | 3.6%         | 3.3%         | 3.0%         | 2.5%                  |
| <b>Public Equity</b>              | <b>89.1%</b> | <b>80.1%</b> | <b>66.7%</b> | <b>59.5%</b> | <b>54.6%</b> | <b>49.8%</b> | <b>42.2%</b>          |
| UK Real Estate                    | 0.6%         | 2.1%         | 4.4%         | 3.7%         | 3.1%         | 2.5%         | 1.4%                  |
| <b>Real Estate</b>                | <b>0.6%</b>  | <b>2.1%</b>  | <b>4.4%</b>  | <b>3.7%</b>  | <b>3.1%</b>  | <b>2.5%</b>  | <b>1.4%</b>           |
| Private Assets                    | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%                  |
| <b>Private Assets</b>             | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>           |
| 1-Year Expected Gross Return      | 7.74%        | 7.51%        | 7.18%        | 6.99%        | 6.86%        | 6.74%        | 6.54%                 |
| 1-Year Expected Net Return        | 7.59%        | 7.37%        | 7.03%        | 6.85%        | 6.73%        | 6.60%        | 6.42%                 |
| 1-Year Asset Volatility           | 13.4%        | 12.5%        | 11.2%        | 10.4%        | 9.9%         | 9.4%         | 8.7%                  |

| Slower Derisking With Privates | 25~50        | 52           | 55           | 58           | 60           | 62           | 65<br>(At Retirement) |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|
| Cash                           | 0.0%         | 0.5%         | 1.3%         | 1.5%         | 1.7%         | 1.9%         | 2.2%                  |
| <b>Cash</b>                    | <b>0.0%</b>  | <b>0.5%</b>  | <b>1.3%</b>  | <b>1.5%</b>  | <b>1.7%</b>  | <b>1.9%</b>  | <b>2.2%</b>           |
| UK Government Bond             | 0.0%         | 1.1%         | 3.9%         | 6.7%         | 8.6%         | 10.5%        | 13.3%                 |
| UK Corporate Bond              | 1.3%         | 3.5%         | 5.7%         | 10.7%        | 14.0%        | 17.3%        | 22.3%                 |
| Global Government Bond         | 1.0%         | 2.6%         | 4.1%         | 5.9%         | 7.2%         | 8.4%         | 10.2%                 |
| Global IG Bond                 | 0.0%         | 1.0%         | 3.3%         | 2.9%         | 2.7%         | 2.4%         | 2.0%                  |
| EMD                            | 0.0%         | 1.0%         | 3.1%         | 3.5%         | 3.6%         | 3.8%         | 4.1%                  |
| Global HY                      | 0.0%         | 0.2%         | 0.6%         | 0.9%         | 1.0%         | 1.2%         | 1.5%                  |
| <b>Fixed Income</b>            | <b>2.4%</b>  | <b>9.4%</b>  | <b>20.7%</b> | <b>30.6%</b> | <b>37.1%</b> | <b>43.5%</b> | <b>53.4%</b>          |
| US Equity                      | 41.1%        | 37.1%        | 30.7%        | 27.2%        | 24.9%        | 22.7%        | 19.6%                 |
| Europe Equity                  | 23.7%        | 20.4%        | 15.4%        | 13.5%        | 12.3%        | 11.1%        | 9.2%                  |
| UK Equity                      | 6.8%         | 5.9%         | 4.4%         | 3.7%         | 3.3%         | 2.8%         | 2.0%                  |
| EM Equity                      | 5.5%         | 4.6%         | 3.3%         | 2.9%         | 2.6%         | 2.3%         | 1.9%                  |
| <b>Public Equity</b>           | <b>77.1%</b> | <b>68.0%</b> | <b>53.8%</b> | <b>47.3%</b> | <b>43.1%</b> | <b>38.9%</b> | <b>32.7%</b>          |
| UK Real Estate                 | 0.6%         | 2.1%         | 4.4%         | 3.5%         | 3.0%         | 2.4%         | 1.3%                  |
| <b>Real Estate</b>             | <b>0.6%</b>  | <b>2.1%</b>  | <b>4.4%</b>  | <b>3.5%</b>  | <b>3.0%</b>  | <b>2.4%</b>  | <b>1.3%</b>           |
| Private Assets                 | 20.0%        | 20.0%        | 19.8%        | 17.1%        | 15.2%        | 13.3%        | 10.4%                 |
| <b>Private Assets</b>          | <b>20.0%</b> | <b>20.0%</b> | <b>19.8%</b> | <b>17.1%</b> | <b>15.2%</b> | <b>13.3%</b> | <b>10.4%</b>          |
| 1-Year Expected Gross Return   | 9.14%        | 8.92%        | 8.55%        | 8.14%        | 7.87%        | 7.60%        | 7.18%                 |
| 1-Year Expected Net Return     | 8.62%        | 8.40%        | 8.03%        | 7.68%        | 7.45%        | 7.22%        | 6.87%                 |
| 1-Year Asset Volatility        | 13.6%        | 12.6%        | 11.1%        | 10.2%        | 9.6%         | 9.1%         | 8.3%                  |

| <b>Slower Derisking Without Privates</b> | <b>65<br/>(At Retirement)</b> | <b>70</b>    | <b>75</b>    | <b>80</b>    | <b>85</b>    |
|------------------------------------------|-------------------------------|--------------|--------------|--------------|--------------|
| Cash                                     | 2.1%                          | 2.6%         | 3.1%         | 3.6%         | 4.2%         |
| <b>Cash</b>                              | <b>2.1%</b>                   | <b>2.6%</b>  | <b>3.1%</b>  | <b>3.6%</b>  | <b>4.2%</b>  |
| UK Government Bond                       | 13.3%                         | 16.7%        | 20.0%        | 23.3%        | 26.7%        |
| UK Corporate Bond                        | 22.3%                         | 27.9%        | 33.5%        | 39.1%        | 44.7%        |
| Global Government Bond                   | 10.2%                         | 12.7%        | 15.3%        | 17.8%        | 20.4%        |
| Global IG Bond                           | 2.0%                          | 2.6%         | 3.1%         | 3.6%         | 4.1%         |
| EMD                                      | 4.6%                          | 3.4%         | 2.3%         | 1.1%         | 0.0%         |
| Global HY                                | 1.7%                          | 1.3%         | 0.9%         | 0.4%         | 0.0%         |
| <b>Fixed Income</b>                      | <b>54.2%</b>                  | <b>64.6%</b> | <b>75.0%</b> | <b>85.4%</b> | <b>95.8%</b> |
| US Equity                                | 25.3%                         | 19.0%        | 12.7%        | 6.3%         | 0.0%         |
| Europe Equity                            | 11.9%                         | 8.9%         | 6.0%         | 3.0%         | 0.0%         |
| UK Equity                                | 2.5%                          | 1.9%         | 1.3%         | 0.6%         | 0.0%         |
| EM Equity                                | 2.5%                          | 1.8%         | 1.2%         | 0.6%         | 0.0%         |
| <b>Public Equity</b>                     | <b>42.2%</b>                  | <b>31.7%</b> | <b>21.1%</b> | <b>10.6%</b> | <b>0.0%</b>  |
| UK Real Estate                           | 1.4%                          | 1.1%         | 0.7%         | 0.4%         | 0.0%         |
| <b>Real Estate</b>                       | <b>1.4%</b>                   | <b>1.1%</b>  | <b>0.7%</b>  | <b>0.4%</b>  | <b>0.0%</b>  |
| Private Assets                           | 0.0%                          | 0.0%         | 0.0%         | 0.0%         | 0.0%         |
| <b>Private Assets</b>                    | <b>0.0%</b>                   | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>  |
| 1-Year Expected Gross Return             | 6.54%                         | 6.26%        | 5.97%        | 5.69%        | 5.40%        |
| 1-Year Expected Net Return               | 6.42%                         | 6.14%        | 5.86%        | 5.59%        | 5.31%        |
| 1-Year Asset Volatility                  | 8.7%                          | 7.7%         | 7.0%         | 6.4%         | 6.2%         |

| <b>Slower Derisking With Privates</b> | <b>65<br/>(At Retirement)</b> | <b>70</b>    | <b>75</b>    | <b>80</b>    | <b>85</b>    |
|---------------------------------------|-------------------------------|--------------|--------------|--------------|--------------|
| Cash                                  | 2.1%                          | 2.6%         | 3.2%         | 3.7%         | 4.3%         |
| <b>Cash</b>                           | <b>2.1%</b>                   | <b>2.6%</b>  | <b>3.2%</b>  | <b>3.7%</b>  | <b>4.3%</b>  |
| UK Government Bond                    | 12.8%                         | 15.7%        | 19.4%        | 23.0%        | 26.6%        |
| UK Corporate Bond                     | 21.4%                         | 26.3%        | 32.4%        | 38.5%        | 44.6%        |
| Global Government Bond                | 9.8%                          | 12.0%        | 14.8%        | 17.6%        | 20.4%        |
| Global IG Bond                        | 2.0%                          | 2.4%         | 3.0%         | 3.5%         | 4.1%         |
| EMD                                   | 3.9%                          | 3.1%         | 2.1%         | 1.0%         | 0.0%         |
| Global HY                             | 1.5%                          | 1.2%         | 0.8%         | 0.4%         | 0.0%         |
| <b>Fixed Income</b>                   | <b>51.4%</b>                  | <b>60.7%</b> | <b>72.3%</b> | <b>84.0%</b> | <b>95.7%</b> |
| US Equity                             | 18.9%                         | 14.9%        | 9.9%         | 5.0%         | 0.0%         |
| Europe Equity                         | 8.9%                          | 7.0%         | 4.7%         | 2.3%         | 0.0%         |
| UK Equity                             | 1.9%                          | 1.5%         | 1.0%         | 0.5%         | 0.0%         |
| EM Equity                             | 1.8%                          | 1.4%         | 1.0%         | 0.5%         | 0.0%         |
| <b>Public Equity</b>                  | <b>31.5%</b>                  | <b>24.8%</b> | <b>16.6%</b> | <b>8.3%</b>  | <b>0.0%</b>  |
| UK Real Estate                        | 1.3%                          | 1.0%         | 0.7%         | 0.3%         | 0.0%         |
| <b>Real Estate</b>                    | <b>1.3%</b>                   | <b>1.0%</b>  | <b>0.7%</b>  | <b>0.3%</b>  | <b>0.0%</b>  |
| Private Assets                        | 13.8%                         | 10.9%        | 7.3%         | 3.6%         | 0.0%         |
| <b>Private Assets</b>                 | <b>13.8%</b>                  | <b>10.9%</b> | <b>7.3%</b>  | <b>3.6%</b>  | <b>0.0%</b>  |
| 1-Year Expected Gross Return          | 7.45%                         | 7.02%        | 6.48%        | 5.94%        | 5.40%        |
| 1-Year Expected Net Return            | 7.07%                         | 6.70%        | 6.23%        | 5.77%        | 5.31%        |
| 1-Year Asset Volatility               | 8.4%                          | 7.6%         | 6.9%         | 6.4%         | 6.2%         |

|                              | R-CDC without Privates | R-CDC with Privates |
|------------------------------|------------------------|---------------------|
| Cash                         | 5.0%                   | 5.0%                |
| <b>Cash</b>                  | <b>5.0%</b>            | <b>5.0%</b>         |
| UK Government Bond           | 40.0%                  | 40.0%               |
| UK Corporate Bond            | 8.3%                   | 8.3%                |
| Global Government Bond       | 3.8%                   | 3.8%                |
| Global IG Bond               | 0.8%                   | 0.8%                |
| EMD                          | 1.5%                   | 1.5%                |
| Global HY                    | 0.6%                   | 0.6%                |
| <b>Fixed Income</b>          | <b>55.0%</b>           | <b>55.0%</b>        |
| US Equity                    | 24.0%                  | 15.0%               |
| Europe Equity                | 11.3%                  | 7.1%                |
| UK Equity                    | 2.4%                   | 1.5%                |
| EM Equity                    | 2.3%                   | 1.5%                |
| <b>Public Equity</b>         | <b>40.0%</b>           | <b>25.0%</b>        |
| Private Assets               | 0.0%                   | 15.0%               |
| <b>Private Assets</b>        | <b>0.0%</b>            | <b>15.0%</b>        |
| 1-Year Expected Gross Return | 6.28%                  | 7.19%               |
| 1-Year Expected Net Return   | 6.16%                  | 6.79%               |
| 1-Year Asset Volatility      | 8.2%                   | 7.6%                |

Source: Neuberger.

## Indices Used and Index Definitions

| Asset Class                   | Benchmark Index                                | Index Definition                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Cash</b>                   | Bloomberg Sterling Gilts Index                 | The <b>Bloomberg Sterling Gilts Index</b> is a measure of the GBP-denominated, fixed-rate, investment-grade public obligations of the United Kingdom.                                                                                                                                                                                                                                            |
| <b>UK Government Bond</b>     | Bloomberg Sterling Gilts Index                 | The <b>Bloomberg Sterling Gilts Index</b> is a measure of the GBP-denominated, fixed-rate, investment-grade public obligations of the United Kingdom.                                                                                                                                                                                                                                            |
| <b>UK Corporate Bond</b>      | Bloomberg Sterling Credit Corporate Bond Index | The <b>Bloomberg Sterling Credit Corporate Bond Index</b> tracks the performance of fixed-rate, investment-grade, sterling-denominated corporate bonds.                                                                                                                                                                                                                                          |
| <b>Global Government Bond</b> | Bloomberg Global Treasury Index                | The <b>Bloomberg Global Treasury Index</b> is a benchmark that tracks the performance of fixed-rate, investment-grade, local currency government bonds from developed and emerging markets. It is a sub-index of the <b>Bloomberg Global Aggregate Index</b> .                                                                                                                                   |
| <b>Global IG Bond</b>         | Bloomberg Aggregate Bond Index                 | The <b>Bloomberg Global Aggregate Bond Index</b> , is a broad-based, market capitalisation-weighted bond market index representing intermediate term investment grade bonds traded worldwide.                                                                                                                                                                                                    |
| <b>EMD</b>                    | 50% JPMorgan EMBI / 50% JPMorgan CEMBI         | The <b>JPMorgan Emerging Markets Bond Global Diversified Index (EMBI GD)</b> includes US dollar-denominated Brady bonds, Eurobonds, and traded loans issued by emerging markets sovereign and quasi-sovereign entities. The <b>JPMorgan Corporate Emerging Markets Bond Index (CEMBI)</b> is a market-capitalisation weighted index of corporate bonds issued by entities in emerging countries. |
| <b>Global HY</b>              | Bloomberg Global High Yield Bond Index         | The <b>Bloomberg Global High Yield Index</b> is a multi-currency measure of the performance of the global high yield debt market which brings together the Bloomberg US High Yield, Pan-European High Yield and Emerging Markets Hard Currency High Yield indices.                                                                                                                               |
| <b>US Equity</b>              | S&P 500 Index                                  | The <b>S&amp;P 500 Index</b> consists of 500 US stocks chosen for market size, liquidity and industry group representation. It is a market value-weighted index (stock price times number of shares outstanding), with each stock's weight in the Index proportionate to its market value.                                                                                                       |
| <b>Europe Equity</b>          | MSCI Europe Index                              | The <b>MSCI Europe Index</b> captures large- and mid-cap representation across 15 Developed Markets countries in Europe. With 427 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation across the European Developed Markets equity universe.                                                                                                       |
| <b>UK Equity</b>              | MSCI UK Index                                  | The <b>MSCI United Kingdom Index</b> is designed to measure the performance of the large and mid cap segments of the UK market. With 82 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in the UK.                                                                                                                                             |

| Asset Class                    | Benchmark Index                                     | Index Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EM Equity                      | MSCI Emerging Markets Index                         | The <b>MSCI Emerging Markets Index</b> is a market-value weighted index designed to represent the performance of large- and mid-cap securities in 26 emerging markets.                                                                                                                                                                                                                                                                                                             |
| UK Real Estate                 | FTSE/S&P Global UK Real Estate Index                | The <b>FTSE/S&amp;P Global UK Real Estate Index</b> tracks the performance of stocks classified as members of the GICS Real Estate Sector that are included in the S&P UK Broad Market Index.                                                                                                                                                                                                                                                                                      |
| Private Equity                 | Burgiss Buyout Index                                | The <b>Burgiss Global Buyout Funds Index</b> tracks the performance of closed-ended private equity buyout funds in the Burgiss Manager Universe, converted to US dollars.                                                                                                                                                                                                                                                                                                          |
| Direct Lending                 | Burgiss Debt Index                                  | The <b>Burgiss Debt Index</b> tracks debt investments comprised of loans, bonds, credit derivatives and other related securities of companies, government entities, or tangible assets.                                                                                                                                                                                                                                                                                            |
| Asset-Based Finance            | JPM ABS Index / Morningstar LSTA US Loan Index      | A combination of <b>JPM ABS Index</b> and <b>Morningstar LSTA US Loan Index</b> and are used to model a proxy Asset Based Finance index. The <b>Morningstar LSTA US Loan Index</b> is a market-value weighted index designed to measure the performance of the US leveraged loan market for loans ratings as rated by S&P Global Ratings. The <b>JPM ABS Index</b> tracks the USD-denominated ABS debt market of both fixed and floating rates.                                    |
| Residential Transitional Loans | Citi New Issue NA RMBS Prime 2.0 index/US MBS Index | A combination of <b>Bloomberg Barclays Capital US MBS Index</b> and <b>Citi New Issue NA RMBS Prime 2.0 index</b> are used to model a proxy Residential Transitional Loans index. The <b>US MBS Index</b> covers agency mortgage-backed passthrough securities (both fixed rate and hybrid ARM) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC). The <b>Citi New Issue NA RMBS Prime 2.0 index</b> tracks new issues post-2008 in US nonagency RMBS market. |

## Capital Market Assumptions

Estimated Return, Volatility and Correlations

| Asset Class                    | Rating   | Exp. Gross Return (%) | Fee (bps) | Exp. Net Return (%) | Ann. Vol (%) |
|--------------------------------|----------|-----------------------|-----------|---------------------|--------------|
| Cash                           | AAA      | 4.39                  | 2         | 4.37                | 0.6          |
| UK Government Bond             | AA3/A1   | 5.06                  | 10        | 4.96                | 8.6          |
| UK Corporate Bond              | A3/BAA1  | 6.01                  | 10        | 5.91                | 8.0          |
| Global Government Bond         | AA2/AA3  | 4.73                  | 10        | 4.63                | 2.9          |
| Global IG Bond                 | A3/BAA1  | 5.49                  | 10        | 5.39                | 5.9          |
| EMD                            | BAA3/BA1 | 5.71                  | 10        | 5.61                | 8.3          |
| Global HY                      | BA3/B1   | 6.53                  | 10        | 6.43                | 6.8          |
| US Equity                      | NA       | 7.72                  | 15        | 7.57                | 16.4         |
| Europe Equity                  | NA       | 8.31                  | 15        | 8.16                | 14.4         |
| UK Equity                      | NA       | 7.58                  | 15        | 7.43                | 13.2         |
| EM Equity                      | NA       | 9.42                  | 15        | 9.27                | 20.9         |
| UK Real Estate                 | NA       | 6.53                  | 50        | 6.03                | 10.8         |
| Private Equity                 | NA       | 16.18                 | 200       | 14.18               | 16.1         |
| Direct Lending                 | B2       | 11.80                 | 200       | 9.80                | 16.1         |
| Specialty Finance              | BA2/BA3  | 10.59                 | 200       | 8.59                | 8.6          |
| Residential Transitional Loans | NR       | 7.96                  | 200       | 5.96                | 7.1          |

|                                | Cash  | UK Government Bond | UK Corporate Bond | Global Government Bond | Global IG Bond | EMD  | Global HY | US Equity | Europe Equity | UK Equity | EM Equity | UK Real Estate | Private Equity | Private Debt | Specialty Finance | Residential Transitional Loans |
|--------------------------------|-------|--------------------|-------------------|------------------------|----------------|------|-----------|-----------|---------------|-----------|-----------|----------------|----------------|--------------|-------------------|--------------------------------|
| Cash                           | 1.00  |                    |                   |                        |                |      |           |           |               |           |           |                |                |              |                   |                                |
| UK Government Bond             | 0.03  | 1.00               |                   |                        |                |      |           |           |               |           |           |                |                |              |                   |                                |
| UK Corporate Bond              | 0.01  | 0.78               | 1.00              |                        |                |      |           |           |               |           |           |                |                |              |                   |                                |
| Global Government Bond         | 0.15  | 0.84               | 0.72              | 1.00                   |                |      |           |           |               |           |           |                |                |              |                   |                                |
| Global IG Bond                 | 0.05  | 0.63               | 0.85              | 0.81                   | 1.00           |      |           |           |               |           |           |                |                |              |                   |                                |
| EMD                            | 0.06  | 0.35               | 0.68              | 0.53                   | 0.83           | 1.00 |           |           |               |           |           |                |                |              |                   |                                |
| Global HY                      | 0.04  | 0.24               | 0.67              | 0.40                   | 0.77           | 0.89 | 1.00      |           |               |           |           |                |                |              |                   |                                |
| US Equity                      | -0.02 | 0.22               | 0.54              | 0.27                   | 0.56           | 0.65 | 0.74      | 1.00      |               |           |           |                |                |              |                   |                                |
| Europe Equity                  | -0.02 | 0.18               | 0.53              | 0.21                   | 0.52           | 0.62 | 0.73      | 0.80      | 1.00          |           |           |                |                |              |                   |                                |
| UK Equity                      | 0.01  | 0.15               | 0.49              | 0.14                   | 0.44           | 0.59 | 0.65      | 0.67      | 0.89          | 1.00      |           |                |                |              |                   |                                |
| EM Equity                      | 0.05  | 0.14               | 0.46              | 0.23                   | 0.53           | 0.72 | 0.70      | 0.70      | 0.68          | 0.63      | 1.00      |                |                |              |                   |                                |
| UK Real Estate                 | 0.01  | 0.60               | 0.74              | 0.57                   | 0.65           | 0.54 | 0.59      | 0.62      | 0.67          | 0.61      | 0.49      | 1.00           |                |              |                   |                                |
| Private Equity                 | -0.14 | 0.06               | 0.43              | 0.14                   | 0.49           | 0.60 | 0.70      | 0.69      | 0.67          | 0.58      | 0.74      | 0.47           | 1.00           |              |                   |                                |
| Private Debt                   | -0.11 | -0.01              | 0.38              | 0.04                   | 0.43           | 0.58 | 0.69      | 0.63      | 0.70          | 0.66      | 0.65      | 0.45           | 0.74           | 1.00         |                   |                                |
| Specialty Finance              | -0.10 | -0.06              | 0.28              | 0.02                   | 0.33           | 0.43 | 0.46      | 0.28      | 0.31          | 0.26      | 0.34      | 0.18           | 0.40           | 0.42         | 1.00              |                                |
| Residential Transitional Loans | 0.03  | 0.24               | 0.54              | 0.32                   | 0.59           | 0.55 | 0.55      | 0.39      | 0.42          | 0.37      | 0.43      | 0.33           | 0.37           | 0.44         | 0.35              | 1.00                           |

Source: Neuberger. Analytics as at 30 June 2026. Volatility and correlations are estimated based on the historical time series from January 2007 to June 2026.

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