



Smart Pension Investment Report

Quarter 1 2026

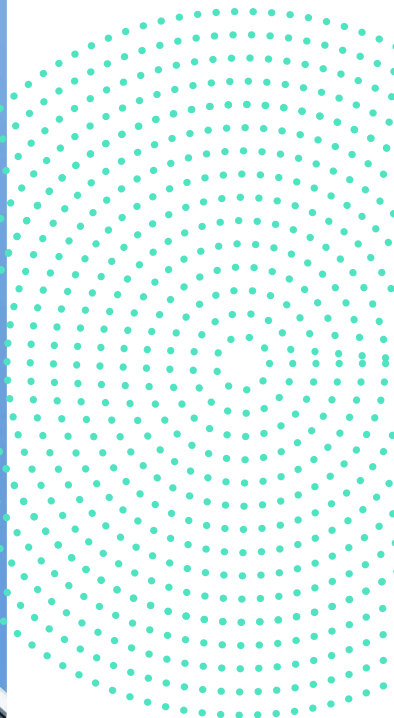
smarpension.co.uk



Welcome to your investment report

This report is for members of the Smart Pension Master Trust. As a member, your money is invested in one, or a combination, of our funds. If you do not make an active choice, your money is invested in a default strategy. This is designed by the Trustee of the scheme to be suitable for most members and it uses one of our default growth funds (Smart Sustainable Growth Core, Smart Sustainable Growth or Smart Sustainable Growth Plus) up to eight years prior to your chosen retirement date, at which point additional funds are also used (Smart Income, Smart Annuity and Smart Cash)

Please note this report is not applicable to members in the Mercer, Schroders or Halal Workplace Pension sections. You can login to your member account to check whether you are in one of these arrangements and which default investment strategy is available to you.



Pensions are an investment. As a pension saver, your savings will be affected by a whole host of factors that influence the returns of, for example, stocks and shares over the lifetime of your savings. The first section of this report gives an overview of events in the financial markets and the economy over the last three months, and why you may have seen the value of your pension savings grow or shrink.

Remember, markets can go up and down quite a lot over the short term. Pensions are a long-term investment and, as our funds are invested for the long term, this report should not be used to make investment decisions. This report gives a generalised perspective and is not specifically focused on any single fund option.

Our investment strategies are made up of multiple different funds that react differently to market events. That's why, in the second section of this report, we have included the most recent performance data for all our funds. This shows

you how they have been performing over the past three months, one year, three years and five years (where available). How your own savings are doing will relate to these performance figures.

Pensions savings are powerful – if invested wisely, they can grow in value as well as help with major global issues, such as climate change. We therefore aim to invest your money sustainably, investing for a world that is fit for you to retire into. We do this by investing into companies that are benefiting the people and planet around us, removing companies that are doing the most harm and aligning our main default, the Smart Sustainable Growth Fund, to our 2040 net zero goal. You can find out more about our investments and sustainability approach [here](#).

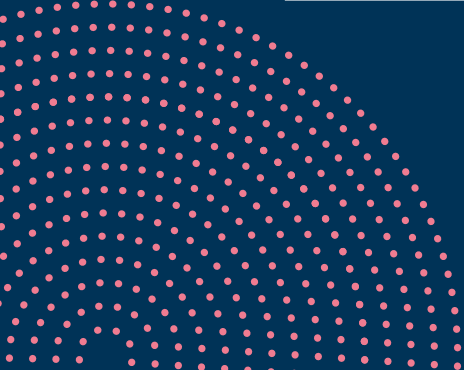
We have included a glossary at the end to help you with any jargon that may be unfamiliar to you.





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What's been happening in the markets?

Market overview¹

The first quarter of 2026 was defined by a sharp pivot in global sentiment as geopolitical instability and protectionist trade policies refuelled inflationary fears. The escalation of conflict in the Middle East, specifically involving strikes on Iran and the effective closure of the Strait of Hormuz, a major shipping route for Middle Eastern oil, caused oil prices to surge, rising 63% (Brent Crude, a major benchmark for Oil prices per barrel) in March alone to surpass \$100 per barrel. This energy shock abruptly ended the narrative of cooling inflation, forcing markets to shift from anticipating interest rate cuts to pricing in potential hikes. Adding to the volatility, the US administration is looking to implement a flat 10% global tariff on all imports following a Supreme Court ruling, further complicating the global trade outlook and pressuring supply chains.

As a result, global equity markets struggled with the MSCI World Index declining by 3.6% as investors worried about geopolitical conditions. US shares were particularly volatile; the S&P 500 declined 4.3% for the quarter, as market sentiment is rotating away from traditional software-as-a-service (SaaS) companies as investors feared AI disruption to subscription models. In contrast, the UK's FTSE All-Share proved resilient, returning 2.4% due to its heavy weighting in energy and basic materials, alongside a weaker sterling that bolstered exporters. European markets (ex-UK) fell 2.3% as the region's sensitivity to energy prices and growth concerns intensified. Emerging markets outperformed their developed counterparts but still ended slightly negative (-0.1% in USD terms); while early-quarter gains in Korea and Taiwan were driven by AI-related technology demand, these were largely erased in March by the energy price shock when the Iran conflict started. Japanese equities (TOPIX) gained 3.6% following a political election in February and the continued fall in the value of yen.

Fixed income markets experienced a significant sell-off as government bond yields rose in response to central banks signalling a prioritisation against inflation. UK Gilts were the quarter's laggards, falling 2.0% as the Bank of England signalled that interest rates may rise again to combat energy-led inflation, increasing rates will cause bond prices to fall. European government bonds also declined 0.6% as the European Central Bank warned of headline inflation risks. US Treasuries were the most resilient major sovereign market, remaining roughly stagnant for the quarter. As a net energy exporter, the US is less exposed to the global energy shock than its peers. US corporate bonds generally outperformed European debt, reflecting the latter's greater exposure to the Middle Eastern crisis.

Beyond equities and bonds, commodities were the standout performers of the quarter, with the Bloomberg Commodity Index surging 24.4%. The closure of the Strait of Hormuz led to massive gains in oil, gas, and even grain prices, given its strategic importance for food production. Overall, the quarter experienced mostly negative performance throughout global markets and asset classes, largely due to the volatility created by the Iran conflict and spiking oil prices.

¹ Any index/benchmark performances quoted below are expressed in local currency terms.

Smart Sustainable Growth Fund (“Growth Fund”)

The Smart Sustainable Growth Fund declined by 4.2% over the quarter. This fund invests mainly in global equities, with diversification through corporate bonds, private credit and renewable infrastructure.

The fund’s negative performance is a reflection of the poor performance of the first quarter due to geopolitical tension and investor’s worry as the war continues. This is expected as both equity and fixed-income markets were impacted negatively with spiking volatility as markets wavered between de-escalation and escalation of the Iran conflict towards the end of the quarter. However, due to the fund’s diversification to private credit and green bonds, the Growth Fund performed better than global equities, as both the asset classes outperformed equities.

The fund’s allocation to private credit, via the Clearlake Credit Europe Evergreen Fund, was the top performer across all the underlying funds. The fund performed 0.9% over the quarter, with the worst performer being the custom equity index.

It is important to note that this short-term volatility is largely driven by geopolitical tension. The fund recovered shortly after the quarter-end, highlighting how unpredictable and temporary short-term performance can be. To understand how volatility can impact your pension savings, please [click here](#).

Smart Sustainable Core Fund (“Core Fund”)

Similarly, the Core Fund declined by 4.3% over the quarter. This fund is mainly invested in equities and has an allocation to corporate bonds across US, UK and Europe. The Core fund does not invest in private credit and renewable infrastructure, which are less correlated with public markets.

Across the corporate bond funds, the Europe Corporate Bond fund has outperformed the other two regions. This fund was the best-performing fund in the Core Fund portfolio. Although the US bond market is the most resilient region as they are less exposed to inflationary pressures from rising energy prices, the hedging element (a strategy used to minimise foreign exchange risk) of our bond funds favours European bonds from a UK perspective, resulting in a slightly better performance for a UK investor.

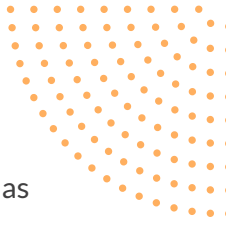
Smart Income Fund (“Income Fund”)

The Income Fund performed -2.6%. This fund outperformed both the Growth and Core Funds as the Income fund allocates to less riskier growth assets than the two, with c. 40% invested in equities. Since the fund has a c. 60% allocation in fixed-income across investment grade corporate bonds, green bonds, and private credit, this helped soften the negative impact caused mainly by equity markets. The corporate bond allocations are GBP-hedged, which prevented further market losses from foreign exchange losses, as there were major currency fluctuations throughout the quarter, particularly the US Dollar increasing, as a result of the market volatility.

The top performer of the Income Fund was the Clearlake Credit Europe Evergreen Fund, which represents our private credit allocation, while the laggard of this fund was the equity allocation. This quarter exhibits how the Income Fund, whose objective is to provide more sustainable performance over volatile periods, was less impacted by market fluctuations than the Growth and Core Funds.

Smart Annuity Fund (“Annuity Fund”)

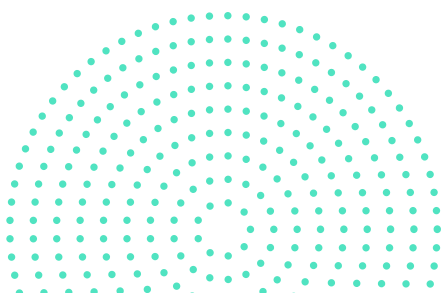
The Annuity Fund is a fund designed to track annuity prices by investing in a way which matches (goes up and down with) the broad characteristics of investments underlying the pricing of an annuity. Therefore, due to the nature of annuity rates being closely correlated with long-term interest rates, the fund has a large allocation to long-term gilts (UK government bonds).



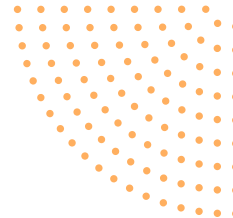
The Annuity Fund performed -3.1% over the quarter, as gilts were impacted by the Iran conflict, as inflation fears caused investors to anticipate possible interest rate hikes, which has a downward pressure on UK government bonds.

Smart Cash Fund (“Cash Fund”)

The Cash Fund is designed to reflect UK SONIA, a benchmark market reference for changes in interest rates. The fund performed 0.9% over the quarter. Over Q1, markets shifted from hopes of potential interest rate cuts to central banks holding or hiking rates due to increased worries about an energy-driven inflation.



How have our funds performed?



This quarter's performance tables

These tables show you the returns for each of our funds over different time periods. All performance is up to 31 March 2026.

All values are shown gross of fees, i.e. before the Total Expense Ratio (TER) is deducted. You can learn more about the charges applicable to you in your online account.

The performance tables show both annualised and cumulative returns.

The cumulative return (CR) is the total return on your investment over that period. The annualised return (AR) is the equivalent annual return you would have received for each year in the period.

For example, a 30% cumulative return over three years is equivalent to a 9.1% annualised return.

Further information can be found on factsheets, available [here](#).

Funds used in our investment strategies

Smart Blended Funds	3m	1y	3y	5y
Smart Sustainable Growth Core				
Fund (returns beyond 1y are annualised)	-4.3%	11.9%	10.8%	Fund has been in existence for less than five years.
Fund (cumulative returns)	-4.3%	11.9%	36.0%	
Benchmark (UK CPI +3.5%)	1.5%	6.8%	6.5%	
Smart Sustainable Growth				
Fund (returns beyond 1y are annualised)	-4.2%	11.4%	10.6%	7.8%
Fund (cumulative returns)	-4.2%	11.4%	35.2%	45.5%
Benchmark (UK CPI +3.5%)	1.5%	6.8%	6.5%	8.7%
Smart Growth - Higher Risk				
Fund (returns beyond 1y are annualised)	-4.7%	12.0%	11.5%	9.5%
Fund (cumulative returns)	-4.7%	12.0%	38.6%	57.7%
Benchmark (UK CPI+5.0%)	1.9%	8.3%	8.0%	10.2%
Smart Growth - Lower Risk				
Fund (returns beyond 1y are annualised)	-3.9%	10.5%	10.2%	7.0%
Fund (cumulative returns)	-3.9%	10.5%	33.8%	40.5%
Benchmark (UK CPI+3.0%)	1.4%	6.3%	6.0%	8.2%

Smart Income				
Fund (returns beyond 1y are annualised)	-2.6%	7.5%	7.7%	4.8%
Fund (cumulative returns)	-2.6%	7.5%	24.8%	20.4%
Benchmark (UK CPI +2.0%)	1.4%	6.3%	6.0%	8.2%
Equity	3m	1y	3y	5y
Smart Active Impact Equity				
Fund (returns beyond 1y are annualised)	-7.7%	0.4%	Fund has been in existence for less than three years.	
Fund (cumulative returns)	-7.7%	0.4%		
Smart UK Equity Index				
Fund (returns beyond 1y are annualised)	0.6%	16.7%	11.5%	10.9%
Fund (cumulative returns)	0.6%	16.7%	38.6%	68.1%
Smart World (ex UK) Developed Equity Index				
Fund (returns beyond 1y are annualised)	-5.9%	14.1%	14.5%	11.0%
Fund (cumulative returns)	-5.9%	14.1%	49.9%	68.8%
Smart North America Equity Index				
Fund (returns beyond 1y are annualised)	-7.2%	13.5%	15.7%	12.4%
Fund (cumulative returns)	-7.2%	13.5%	55.0%	79.3%
Smart World Emerging Markets Equity Index				
Fund (returns beyond 1y are annualised)	1.1%	26.5%	12.3%	5.8%
Fund (cumulative returns)	1.1%	26.5%	41.5%	32.8%
Smart Europe (ex UK) Europe Equity Index				
Fund (returns beyond 1y are annualised)	Fund has been in existence for less than a full quarter.			
Fund (cumulative returns)				
Smart World Small Cap Equity Index				
Fund (returns beyond 1y are annualised)	Fund has been in existence for less than a full quarter.			
Fund (cumulative returns)				
Fixed Interest	3m	1y	3y	5y
Smart Active Impact Bond				
Fund (returns beyond 1y are annualised)	-0.9%	3.8%	Fund has been in existence for less than three years.	
Fund (cumulative returns)	-0.9%	3.8%		

Smart All Stocks Index-Linked Gilts Index				
Fund (returns beyond 1y are annualised)	0.7%	3.1%	-3.3%	-6.9%
Fund (cumulative returns)	0.7%	3.1%	-9.6%	-30.0%
Smart Global Bond Index				
Fund (returns beyond 1y are annualised)	-1.1%	4.3%	4.9%	1.4%
Fund (cumulative returns)	-1.1%	4.3%	15.4%	7.1%
Smart Annuity				
Fund (returns beyond 1y are annualised)	-3.1%	2.5%	1.4%	-4.3%
Fund (cumulative returns)	-3.1%	2.5%	4.2%	-16.3%
Cash	3m	1y	3y	5y
Smart Cash				
Fund (returns beyond 1y are annualised)	0.9%	4.2%	4.8%	3.3%
Fund (cumulative returns)	0.9%	4.2%	15.1%	17.8%
Smart Specialist Funds	3m	1y	3y	5y
Smart Sharia				
Fund (returns beyond 1y are annualised)	-6.8%	17.4%	17.2%	13.2%
Fund (cumulative returns)	-6.8%	17.4%	61.2%	85.5%
Smart Ethical and Climate				
Fund (returns beyond 1y are annualised)	-6.6%	13.8%	12.9%	10.5%
Fund (cumulative returns)	-6.6%	13.8%	44.0%	65.0%
Smart Wahed Growth+				
Fund (returns beyond 1y are annualised)	-1.2%	22.5%	Fund has been in existence for less than three years.	
Fund (cumulative returns)	-1.2%	22.5%		
Smart Wahed Growth				
Fund (returns beyond 1y are annualised)	-0.2%	21.3%	Fund has been in existence for less than three years.	
Fund (cumulative returns)	-0.2%	21.3%		
Smart Wahed Balanced				
Fund (returns beyond 1y are annualised)	0.3%	13.4%	Fund has been in existence for less than three years.	
Fund (cumulative returns)	0.3%	13.4%		

Source: Smart Pension, investment managers, Mobius Life and ONS. Fund returns calculated by Smart based on gross unit prices provided by Mobius Life as the investment platform. CPI benchmarks calculated from ONS index prices. Benchmark performance is annualised.

How do we manage your money?

Your pension scheme is managed by a group of independent and non-affiliated trustees. They look after your interests and work for you. Your relationship is with the trustees, not Smart Pension Limited.



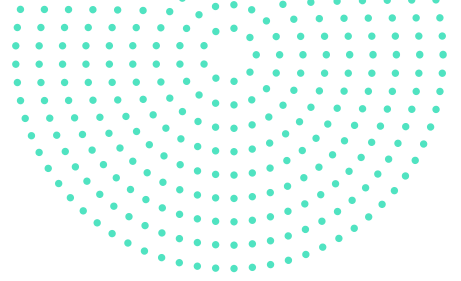
They keep an eye on:

- the investment strategy
- how your investments are performing
- value for money
- member communications
- member engagement

The trustees look after your money to ensure it is invested in line with the statement of investment principles.

The statement of investment principles is a trustee document that outlines the way trustees will invest the scheme assets. This also includes the trustees' policy on responsible investment (also known as Environmental, Social and Governance (ESG) issues).

The trustees work alongside fund managers and the scheme's investment manager to ensure performance is in line with the agreed benchmarks. You can view the [statement of investment principles here](#). You can also view the trustees' [ESG policy here](#).



Trustees



Raj Mody, Chair of Trustee

Raj Mody joined the Smart Pension Master Trust Board in 2025. He brings over 30 years of experience in the pensions industry, spanning Defined Contribution, Defined Benefit, technology, policy, and governance. He has held several senior executive and non-executive roles, with a portfolio of Board and Chair

Anna Darnley, Trustee Director

Before joining the Trustee Board in September 2019, Anna was a trustee of the Accenture Retirement Savings Plan (UK). She previously worked as a digital strategy consultant with Oliver Wyman specialising in the design, build and launch of digital banks and retail investment apps in East Asia. She currently works as a Senior Product Manager for a leading payments app.



David Brown, Trustee Director

David joined the Smart Pension Master Trust Board in October 2018. He is a Fully Accredited Professional Pension Trustee with a range of Board appointments. David has over 35 years' experience worldwide in the pension and investment industry, working as an operator and consultant. He has worked for two of the Big Four consulting firms and was the UK and ROI Pensions and Payroll Manager for Tesco.

Nikesh Patel, Trustee Director

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



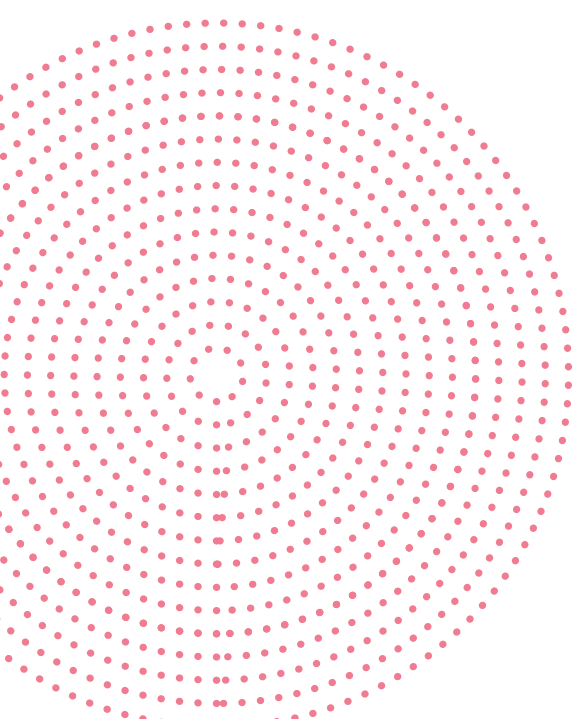


Kim Gubler, Trustee Director

Kim Gubler joined the Smart Pension Master Trust Board in May 2024. Kim has over 30 years' experience in the pensions industry, including as a founding director of the Pensions Administration Standards Association (PASA) and has been its Chair since 2019. She is a Fellow of both the Pensions Management Institute (PMI) and the Pensions Advisory Service and was an independent Trustee Director of the Crystal Master Trust. Kim sits on the Pension Dashboards Programme Advisory Group and DWP's Default Consolidator Delivery Group and is the PMI's Principal Examiner for Professionalism and Governance.

Paul Bucksey, Trustee Director

Paul joined the Smart Pension Master Trust Board in June 2025. He is passionate about helping individuals build wealth via the workplace and has spent more than 20 years working for some of the UK's leading workplace pension providers. Prior to joining the Board, up until December 2024, he served as Chief Investment Officer of the Smart Pension Master Trust, where he also chaired the Scheme Strategist. Before his time at Smart Pension, Paul was Managing Director at BlackRock and later Aegon, where he led their UK defined contribution workplace pension scheme. He is also an independent member of the Prudential Independent Governance Committee.



The trustees would love to hear from you

The trustees are keen to get as much feedback as possible about how they can improve the pension scheme. If you have a suggestion, please do not hesitate to contact them at trustees@smartpension.co.uk.

Want to find out more?

For up to date information about the performance of your investments, you can download the Smart Pension app or sign in to smartpension.co.uk/sign-in.

You can also download the investment guide to find out more information about your investment strategy.

You can also contact us for any other information relating to your pension savings at member@smartpension.co.uk.

Glossary

Bonds

A bond represents a loan made by an investor to a borrower and is often referred to as a fixed income security. This is because fixed interest payments are made as part of the returns. They can be issued by a government to raise money for things like infrastructure projects, or by private or public companies.

Central banks

Central banks around the world set the base interest rates of a country. The setting of these rates is part of something called monetary policy. For instance, increasing interest rates makes it more expensive to borrow and more profitable to save. In theory, this means people would spend less and save more, taking money out of circulation from the economy and reducing inflation rates. Reducing the interest rates level would have the opposite effects. Too high, very low or negative inflation rates can be bad for the economy.

Equities

Shares in publicly-traded companies such as Apple, Facebook, BP or HSBC. They are grouped in major indices depending on the country in which they are traded. (for instance the FTSE in the UK, or the Dow Jones in the US).

Equity index

An index is a number that represents the value of a group of stocks and shares, often combined by country and/or type of companies. For instance, the UK FTSE 100 is an index that represents the value of the largest 100 companies in the UK. Similarly, the Dow Jones Index is representative of the 50 largest companies in the United States.

Inflation

Inflation is a measure of the rate at which the average price of a “basket” of goods and services in an economy increases over a period of time. As the cost of goods rises, a single unit of currency for example, (£1) buys fewer and fewer goods and services. This loss of purchasing power has an impact upon the general cost of living. Excessive inflation makes goods and services too expensive to buy and is bad for the economy.

Interest rate

An interest rate is the amount to be paid over a given period and is given as a proportion of the amount lent, borrowed or saved. For example, if you saved £100 in an account with a 1% annual interest rate, then after one year you would be paid £1 in interest.

Investment strategy

Is a way of investing your money over time with the aim of growing your pension savings. As you get closer to your retirement age, we move your money into funds that are less likely to fall in value.

The default fund

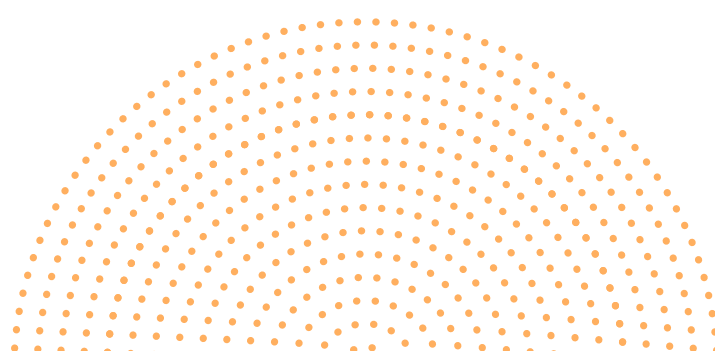
Unless you actively choose otherwise you will automatically be invested in our default fund during the growth phase, up to eight years before your selected retirement age. Our default fund is the Smart Growth – Moderate Risk fund. It has been created so that it will typically suit most of our members.

The default strategy

If you do not make an active investment choice, your savings will be invested according to the default strategy. It uses our default fund during the growth phase, and then switches to funds designed to protect your savings as you approach retirement. The full details of the default strategy can be found in our investment guide.

Volatility

Volatility refers to the amount of risk or uncertainty due to the size of changes in value (of currencies or equities).



ADDITIONAL DISCLOSURE

Important Notices

Smart does not take any liability for the information provided. Please see official fund factsheets for further information. Where a date is not a dealing day, the previous dealing day has been used. Where data differs from factsheets, this may be due to differentials in fees, dealing and valuation dates.

Legal disclaimer

The value of investments may go up or down due to fluctuations in currencies, financial markets and other risk factors. Default funds may not fulfil their objectives: performance is not guaranteed and future performance may not be in line with the past. This report has been created by Smart Pension and is valid at the date it is published. It has been created for general information only and does not constitute specific legal advice or opinion. You should not rely on any of the information contained within this report without seeking further advice from qualified investment advisers. The facts and data contained in this report shall not be copied, made available, reproduced, extracted or published within your business, for commercial purposes, or to the public or for any other purposes unless Smart Pension gives you consent.

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